HURRICANE HYDROCARBONS LTD.

ANNUAL REPORT TO THE SHAREHOLDERS
December 31st 2000

NOTICE OF SHAREHOLDERS' MEETING

The Annual and Special General Meeting of Shareholders will be held at 11:00 a.m. on Tuesday, May 15, 2001 at the Albany Club of Toronto, 91 King Street East Toronto, Ontario, Canada.

All shareholders are encouraged to attend and participate in the meeting. Those unable to attend should vote by proxy.

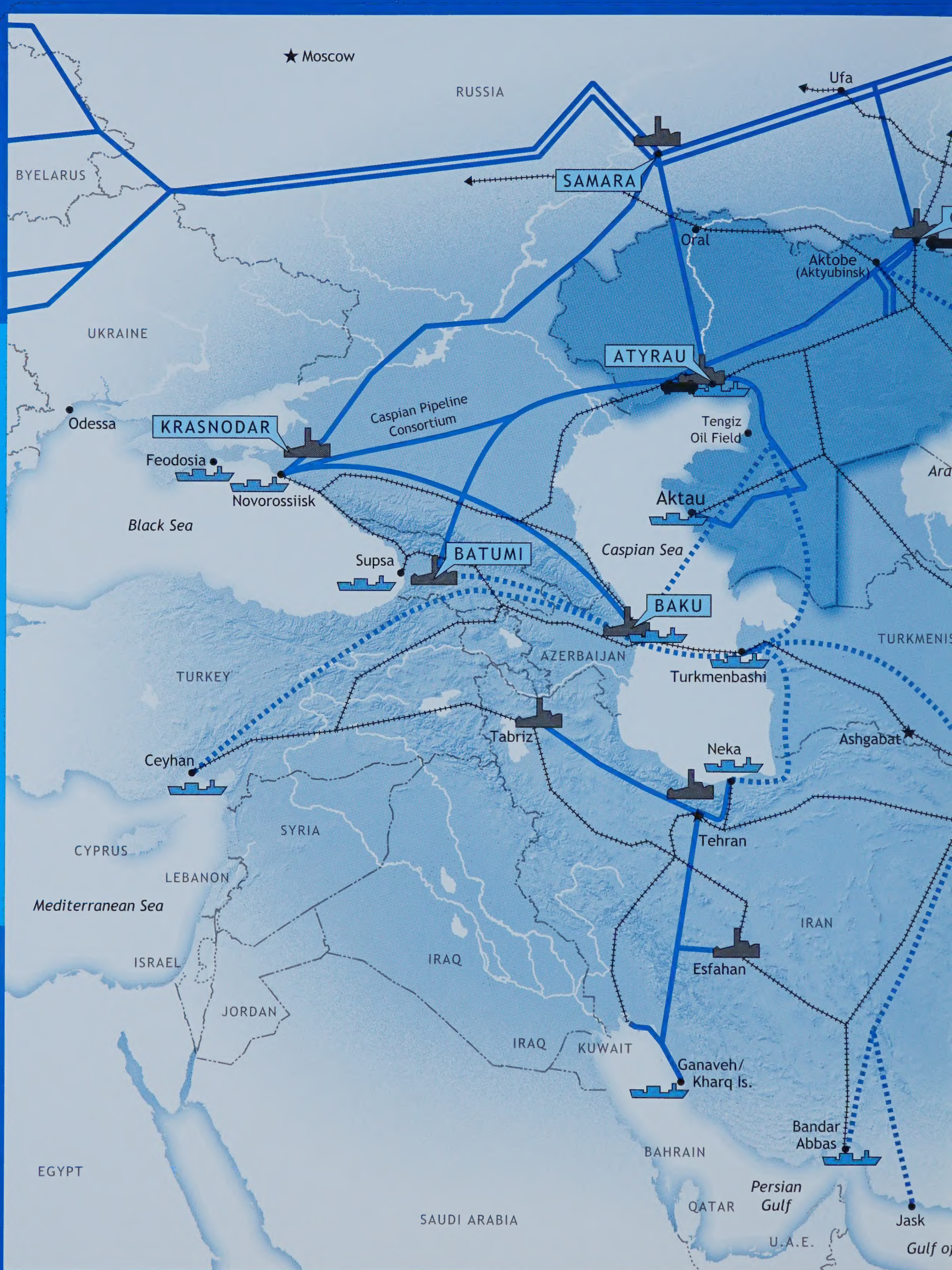
Hurricane Hydrocarbons Ltd. is an international energy corporation engaged in the exploration, development, production, acquisition, refining and marketing of oil and refined products in the Republic of Kazakhstan.

The company has been involved in joint ventures in Kazakhstan since 1991 and participated in the country's first major oil and gas privatization in November 1996.

As of January 1, 2001, Hurricane owns proved plus probable reserves that have been independently assessed at 487 million barrels. Production of sweet, light crude is sold both into the export market and domestically in Kazakhstan. Future exports to other locations are being investigated and pursued.

Hurricane Hydrocarbons Ltd. is listed in Canada, the United States and Germany, and is a member of the Toronto Stock Exchange (TSE) 300 composite index.

Kazakhstan is a resource rich country located in Central Asia. Its territory covers over 1.05 million square miles making it the ninth largest country in the world. Kazakhstan is approximately 1/4 the size of Canada or four times the size of the state of Texas.


Moscow
RUSSIA
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Oil Field
Odessa
KRASNODAR
Feodosia
Novorossiisk
Aktau
Black Sea
Caspian Sea
Supsa
BATUMI
BAKU
AZERBAIJAN
TURKEY
Turkmenbashi
Tabriz
Neka
Ashgabat
Ceyhan
SYRIA
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CYPRUS
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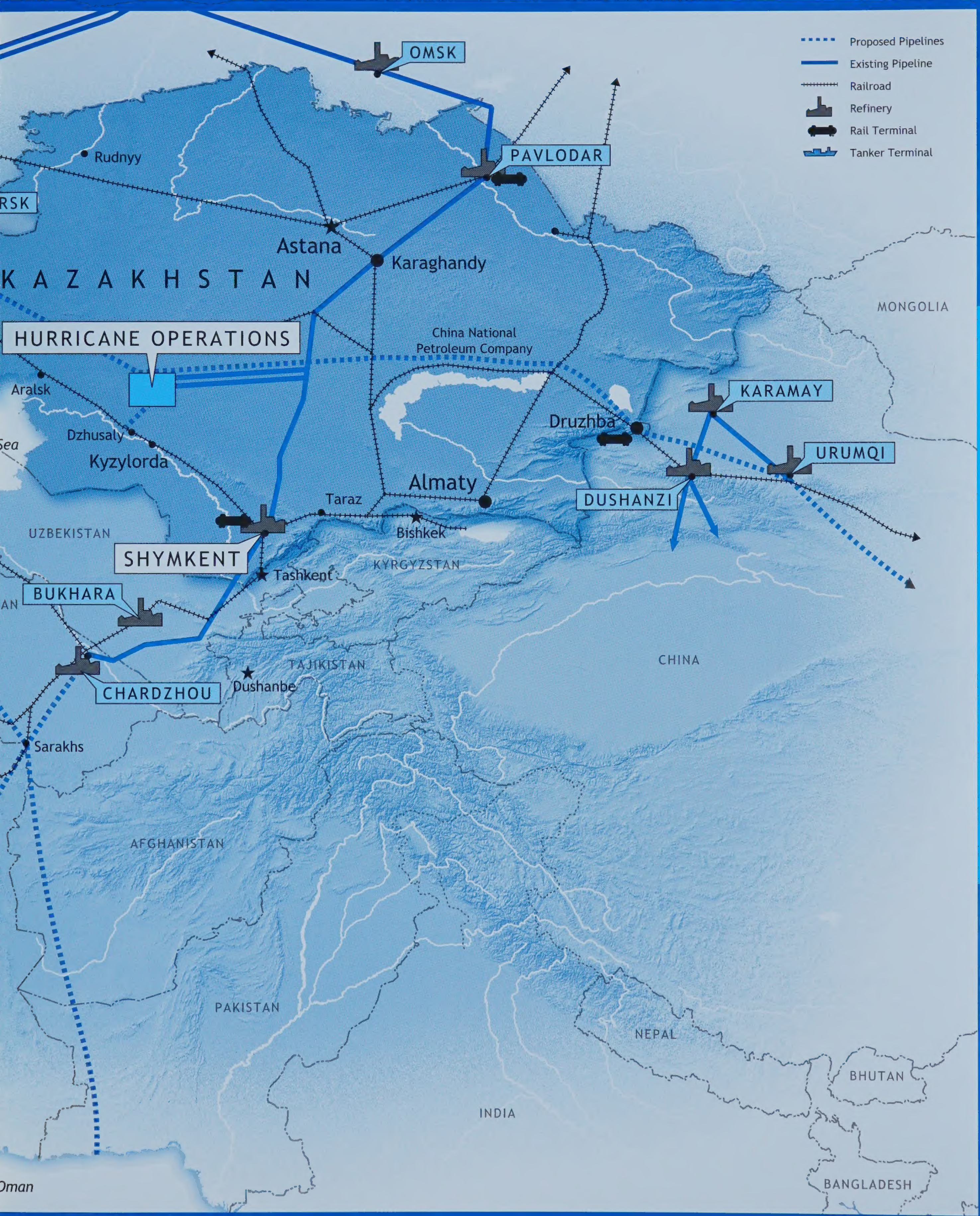

Proposed Pipelines
Existing Pipeline
Railroad
Refinery
Rail Terminal
Tanker Terminal
OMSK
PAVLODAR
RSK
Rudnyy
Astana
Karaghandy
KAZAKHSTAN
HURRICANE OPERATIONS
China National Petroleum Company
Aralsk
Dzhusaly
Kyzylorda
Sea
KARAMAY
Druzhba
URUMQI
DUSHANZI
Almaty
Taraz
Bishkek
UZBEKISTAN
SHYMKENT
Tashkent
KYRGYZSTAN
BUKHARA
AN
CHARDZHOU
TAJIKISTAN
Dushanbe
CHINA
MONGOLIA
Sarakhs
AFGHANISTAN
PAKISTAN
NEPAL
BHUTAN
INDIA
BANGLADESH
Oman

The country's capital city is called Astana and is located in north central Kazakhstan (population 319,000). The Hurricane Group of Companies (including Hurricane Kumkol Munai and OJSC Shymkentnefteorgsyntez) maintain offices in Almaty (population 1.6 million), Kyzylorda (population 160,000), Shymkent (population 500,000) and has a representative office in Astana. The total population of Kazakhstan is approximately 15 million.

The President and Head of State is Nursultan Nazarbayev. Elected in 1991, President Nazarbayev was re-elected in 2000 for another term till the year 2006. Under his leadership, Kazakhstan has made the most significant progress in reaching a market economy versus other Central Asian countries. Since 1991, foreign investment in Kazakhstan has exceeded US$10 billion and there are over 1,100 oil and gas joint ventures in the country. The Head of the Government is Prime Minister Kasymzhomart Tokayev, the former Minister of Foreign Affairs.

Kazkahstan, being located in the center of Eurasia, has long been the site of social, economic, cultural and ideological exchange between East and West.

During the year 2000, inflation in Kazakhstan dropped to 9.8 percent from 18 percent in 1999 and its local currency, the tenge, remained relatively stable to the U.S. dollar trading at an average rate of 142.31 tenge per US dollar, closing on December 31, 2000 at 145.61 tenge per U.S. dollar.

Financial Highlights

Year ended December 31 (audited)

(in $ US millions except per share amounts)

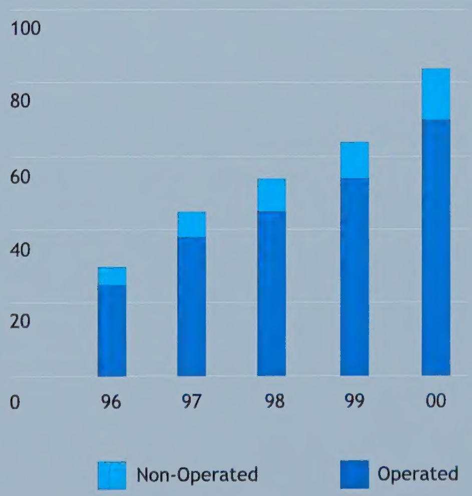
	2000	1999
Gross Revenue	523.2	155.2
EBITDA	288.0	52.4
Cash Flow	179.4	17.0
Per Share (basic) ($)	2.54(1)	0.38(2)
Net Income	154.9	8.5
Per Share (basic) ($)	2.19(1)	0.19(2)
Capital Expenditures	17.0	15.2
Shareholders' Equity	414.5	141.4

Per share amounts are calculated based on the following weighted average number of shares outstanding during the twelve months ended December 31st: (1) for year 2000 - 70,590,314

(2) for year 1999 - 44,512,359

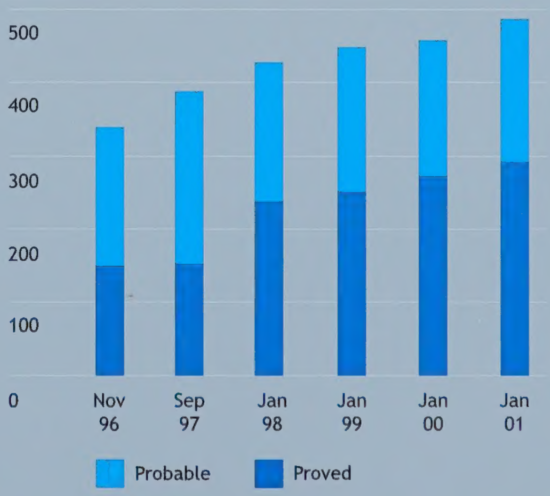
Production Growth

(net HKM, in thousands of barrels per day)



Reserves Growth

(Company gross, in millions of barrels)



2000 ACHIEVEMENTS

- *Acquired 88.36% of the downstream company OJSC Shymkentnefteorgsyntez on April 1st which provided Hurricane with a refinery at Shymkent and an integrated refining, distribution and marketing business within Kazakhstan. Current ownership has since been increased to 91.4%*
- *Closed a $25 million Special Warrant bought deal which was used to finance the refinery acquisition*
- *Paid down $173.9 million of long term debt over the period April 1st to December 31st*
- *Emerged from Creditors protection on April 1st*
- *Initiated pilot production in the Qyzylkiya oil field in August. The 100% owned field has proved plus probable reserves of 28.6 million barrels*
- *Added in Canada to the TSE 300 Composite Index in the Integrated Oil and Gas Group effective October 20, 2000*
- *Submitted an application to Nasdaq in the United States for a new listing on September 27th*

FINANCIAL ACHIEVEMENTS

- *Increased gross revenue by a factor of 3.4*
- *Increased net income by a factor of 18.2*
- *Increased net income per share by a factor of 11.5*
- *Increased cash flow by a factor of 10.6*
- *Increased cash flow per share by a factor of 6.7*

OPERATING ACHIEVEMENTS

- *Increased average yearly production by 30%*
- *Increased proved plus probable reserves by 6%, replacing 190% of 2000 production*

President's Message to the Shareholders

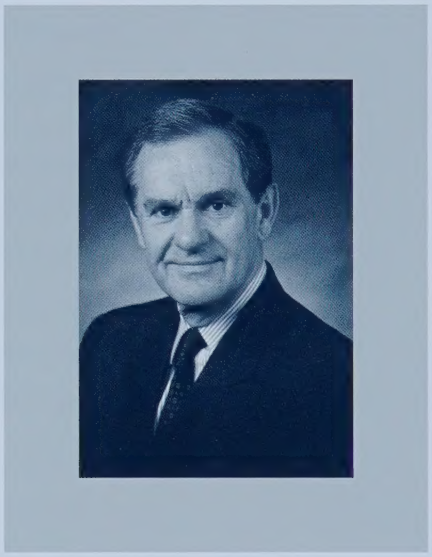
It is with great pleasure that I present on behalf of the Board of Directors the remarkable achievements of your company over this past year.

RECORD FINANCIAL AND OPERATING RESULTS IN YEAR 2000

The company, which started the year under creditors protection, ended the year virtually debt free after record earnings, record cash flow, record production, best operating costs ever and continued for the fifth year in a row to record reserves growth, replacing 190% of its production.

STRATEGIC ACQUISITION

Hurricane always had exceptionally attractive upstream assets in Kazakhstan. However, its dependence on a single customer, the Shymkent refinery, for the sale of its oil production was a major strategic weakness, restricting its production, preventing the company from achieving an optimum price for its crude and compromising the achievement of its growth potential.



Bernard F. Isautier
President and
Chief Executive Officer

In order to return Hurricane to financial health, a combination of its upstream assets with the Shymkent refinery was an imperative necessity.

This was accomplished on April 1st 2000 when Hurricane purchased the Shymkent refinery for cash and shares and, following lengthy negotiations with its creditors, emerged from Creditors protection.

POSITIONED FOR PROFITABLE GROWTH

As a result of this acquisition, Hurricane was transformed from an exploration and production company into the largest private integrated oil company in Kazakhstan able to exploit fully its assets for both the domestic and export markets.

It is a large light oil producer, operates at low cost, has about half a billion barrels of proved and probable reserves and operates in a basin where finding and development costs are still about $1 per barrel.

It has a well-maintained refinery and an extensive distribution network with substantial opportunities for optimization and growth.

The new Hurricane is a lean, efficient and focused company with an exciting growth potential, well-defined strategies to capture such potential and the support of a strong well-respected and successful Kazakhstani shareholder holding 30% of the outstanding shares.

LOOKING FORWARD TO 2001 AND BEYOND

The Board of Directors and Management are committed to a strategy seeking to maximize value for shareholders and recognize value creation as the overall measure of their performance.

In this context, Hurricane's strategic goals for 2001 and beyond are as follows:

- *Increase production and reserves through full exploitation of producing fields using western technology, aggressive development of non-producing fields and through increased exploration in the Turgai basin*
- *Increase export netbacks through reduction of transportation costs to European markets and through effective access to closer markets (China; Iran) at higher prices*
- *Radically improve the economic yield and energy efficiency of the Shymkent refinery*
- *Radically improve distribution efficiency and capture end-user distribution margins*
- *Reduce further overhead and operating costs*
- *Seek upstream acquisition opportunities*

PRODUCTION GROWTH

Following a 30% increase of production in 2000 to 84,090 barrels per day, our target for 2001 is to once again increase production by 30% to 109,000 barrels per day. The capital program for 2001 includes drilling about 53 wells. Beyond 2001, further production increases are planned as new fields operated by Hurricane and joint venture fields reach their full production potential.

EXPLORATION SUCCESS AND FUTURE PLANS

Year 2001 started with a significant exploration success: a new oil pool was discovered at Kumkol East, the first oil discovery made over the last six years in the Turgai basin where Hurricane operates. Attractive exploration prospects, particularly larger and deeper, remain to be tested and the company, which resumed exploration in late 2000, will step up the pace of its exploration program in 2001 and beyond.

TRANSPORTATION COSTS OUTLOOK

Transportation costs to markets are the most significant challenge for Hurricane. Over this past year, increased pipeline and rail tariffs have increased transportation costs to the Black Sea by about $3.50 per barrel. Hurricane is actively working to reduce these costs. The start-up of the Caspian Pipeline Consortium ("CPC") pipeline in the second half of 2001, will double export capacity out of Kazakhstan. Either direct access into the pipeline or increased competition on other export routes should result in a significant cost reduction. In addition, Hurricane plans to build a pipeline, scheduled for completion by mid-2002, which will reduce costs by about $2.50 per barrel. Overall, these developments should result in a reduction of export discounts of up to $6 per barrel.

DOWNSTREAM PROFITABILITY ENHANCEMENT

In the downstream operations, major opportunities for improved efficiencies and cost reductions have been identified with an objective of annual savings of $20 million to be achieved within the next two years.

HEALTH, SAFETY AND ENVIRONMENT

Hurricane, as a responsible Kazakhstan corporate citizen, pays particular attention to the social and environmental issues that surround its operations. As an example, the company recently committed to the construction of a $30.3 million 40-megawatt power plant at its Kumkol operations. This plant will effectively use all the company's produced associated gas and improve the local

environment through a significant reduction in direct and indirect emissions into the atmosphere. The Hurricane capital program for 2001 also includes a number of other projects to improve health, safety and environment standards of Hurricane's upstream and downstream operations.

SHARE VALUE

To increase value per share, your company redeemed in late February of 2001 outstanding warrants that had been issued in 1997. The completed transaction will result in an 8% reduction in the number of fully diluted shares.

We believe that Hurricane can continue to deliver outstanding growth in Kazakhstan. The stock market, however, continues to discount heavily the earnings, cash flow and assets of your company. In order to correct this situation, the company will step up its investors' communications efforts and seek a listing in London and Kazakhstan. The company also expects a Nasdaq relisting in the U.S. and a larger number of research analysts to be following Hurricane in 2001, enhancing its exposure to the investment community.

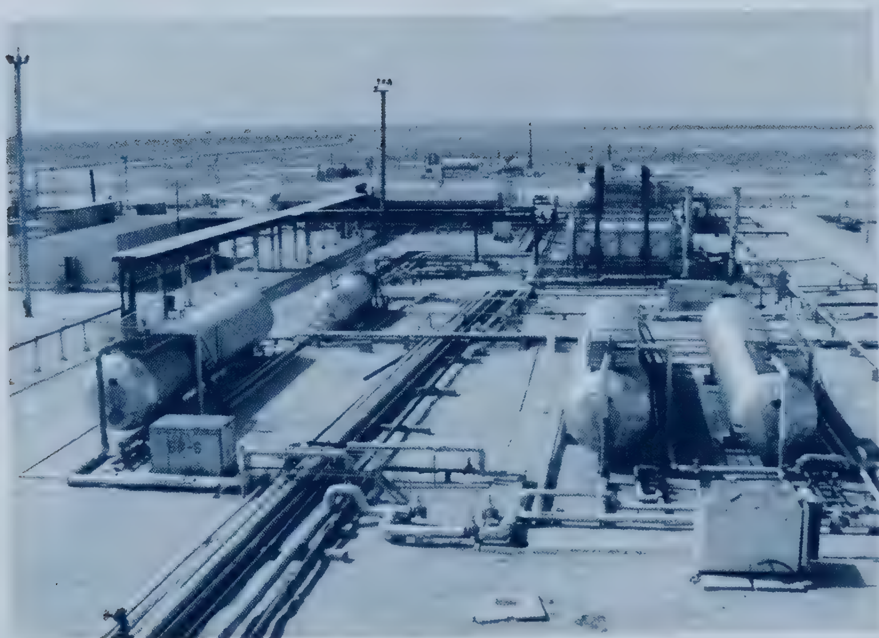
OUR STAFF

I want to express my sincere appreciation to our entire staff who have worked hard to overcome successfully the challenges of this past year. Our plans for the future rely on the competence, strength and dedication of our employees in Kazakhstan, Canada and the United Kingdom.

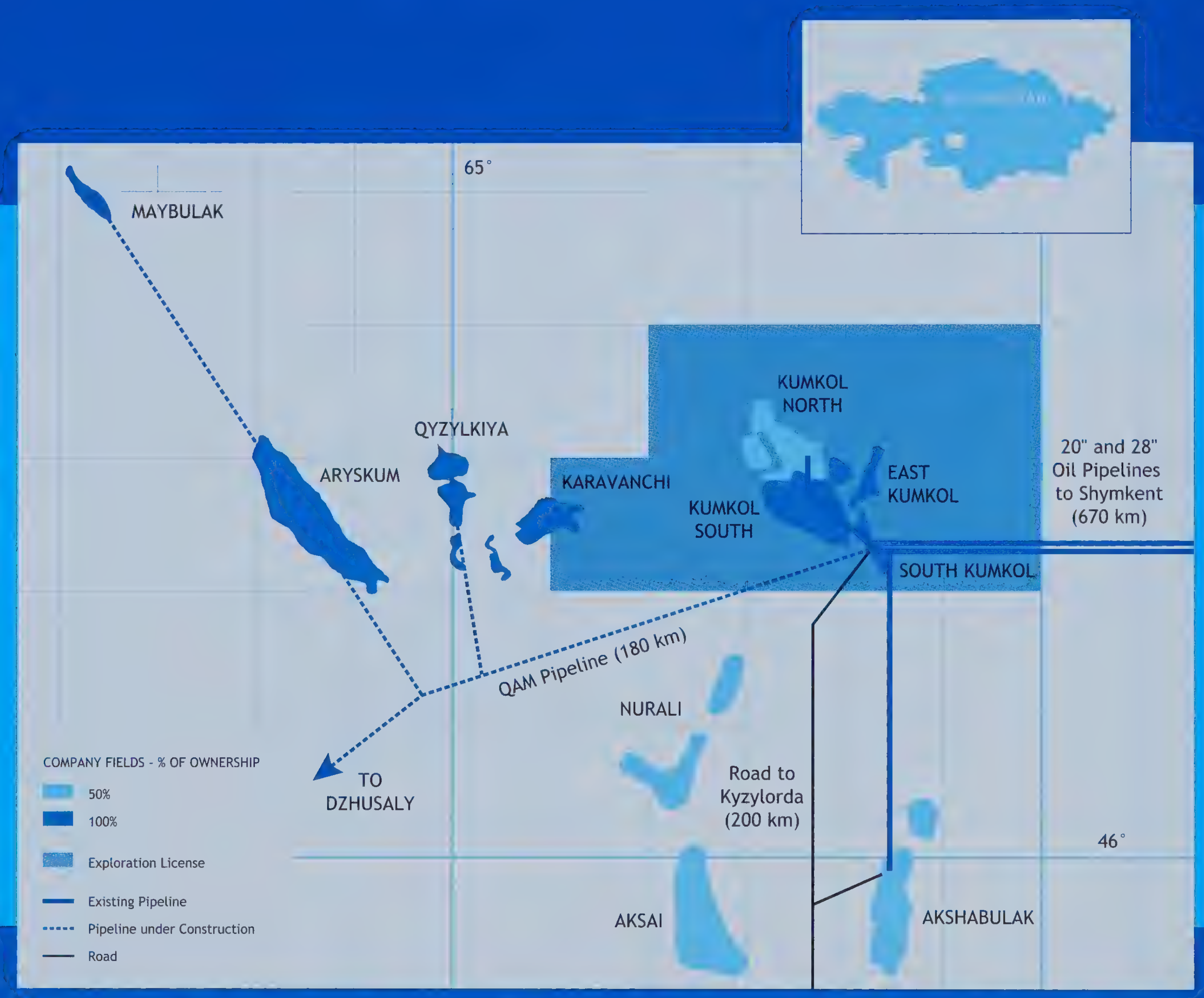
Respectfully submitted on behalf of the Board of Directors,

Bernard F. Isautier
President and Chief Executive Officer
March 27, 2000

Review of Operations
Exploration and Production



Principal Fields



OPERATIONAL HIGHLIGHTS

- *Exploration success as the East Kumkol field is discovered in December 2000.*
- *Reserves increased by 6% to 487 mmbbls, replacing 2000 production by 190%.*
- *A new field, Qyzylkiya was put on production in August 2000 as the 1st stage of the full development of the QAM complex (Qyzylkiya, Aryskum and Maybulak fields).*
- *The Kazgermunai Joint Venture field Akshabulak has increased reserves and the new development plan to accelerate exploitation has been initiated.*
- *Production increased by 30% from 64,470 bopd to 84,090 bopd mainly due to the installation of downhole pumps.*

OVERVIEW

Hurricane's Exploration and Production operations are located in the 31,000 square mile South Turgai Basin in South Central Kazakhstan approximately 1,300 kilomteres west of Almaty. Hurricane has interests in 10 fields, of which, 4 are producing, 3 are under development and 3 are in the appraisal stage. Exploration acreage amounts to 1418 sq kms in 2 separate licenses.

Proved plus probable reserves are 487 million barrels (mmbbls) as at January 2001 independently evaluated by McDaniel & Associates Consultants Ltd of Calgary, Alberta. This is a continuation of the company's yearly trend of increasing reserves. Of this, some 315 mmbbls, or 65% are in the proved category. Some 192 mmbbls have been extracted from the 4 producing fields, all of which have yet to reach peak production.

Average production in 2000 was 84,090 barrels of oil per day (bopd) with a high of 94,079 bopd in September. New downhole pump installation and a surface production facility debottlenecking and refurbishment programme is well underway which will allow additional production increases in 2001.

RESERVES GROWTH

Hurricane's reserves growth over the last 5 years has been 147 mmbbls in the proved plus probable category or an increase of 43% (excluding yearly production). In 2000, production was replaced by 190% and reserves reached a new high of 487 mmbbls in the proved plus probable category with 65% of reserves in the proved category.

(Company gross, in millions of barrels)

Remaining Proved Plus Probable Reserves

Hurricane operates 62% of its proved plus probable reserves. Our joint ventures, Turgai Petroleum and Kazgermunai, operate 20% and 18% respectively.

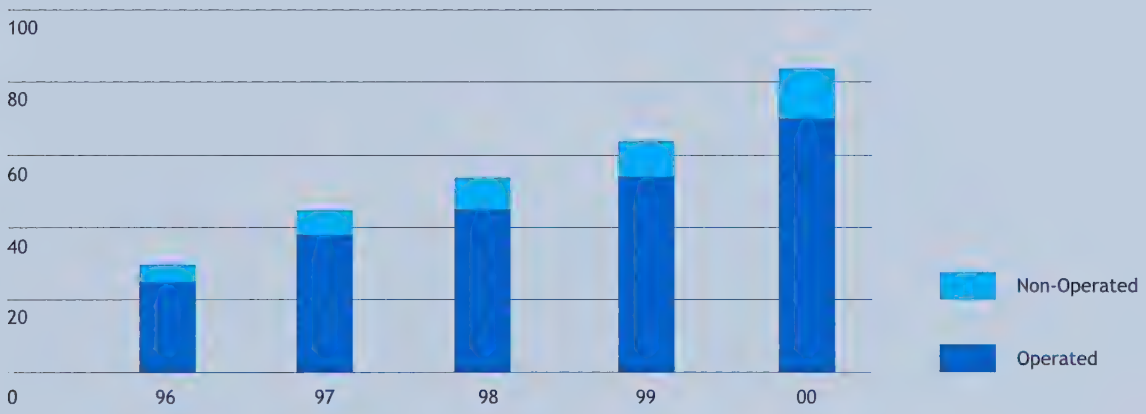
383 mmbbls or 78% of proved plus probable reserves are in fields which are currently producing.

Property	% of total	mmbbls
Kumkol South	30	146.6
Kumkol North	20	95.5
South Kumkol	9	45.1
Qyzylkiya	6	28.6
Aryskum	11	54.2
Maybulak	6	30.1
Akshabulak	14	67.0
Nurali and Aksai	4	20.5
Total	100	487.6

PRODUCTION GROWTH

A comprehensive analysis of the Kumkol fields was completed in 2000. A full review of the geological models and the development of reservoir simulation models has improved our production forecasting and enabled the revision of our reserve estimations. Hurricane is aquiring additional production logging data that will lead to better understanding of fluid movements in the reservoir, and consequently, provide valuable information for future well re-completions to maximize reserves exploitation and increase oil production.

(net HKM, in thousands of barrels per day)



PRODUCING FIELDS

Kumkol South

Hurricane 100% interest and operator

Gross Acreage	18,604
Proved Crude Oil Reserves (mmbbls)	125.4
Proved plus Probable Crude Oil Reserves (mmbbls)	146.5
Producing Wells (as at Dec 31, 2000)	180

Hurricane owns and operates 100% of the Kumkol South field. This is the company's primary producing property. The field was discovered in 1984 and production commenced in 1990. In 1996, the field was acquired from Yuzhneftegaz, the Kazakhstan Government operating company. Kumkol South yields light, 41° to 43° API crude from seven producing horizons at around 4,000 feet. Average production for the year 2000 increased to 57,800 bopd, mainly due to the installation of new pumping equipment.

The Central Processing Facility (HKM CPF) gathers all field production and delivers export specification oil to the Shymkent refinery via 28 inch and 20 inch pipelines operated by Kaztransoil (KTO). The HKM CPF currently handles some 135,000 bbls of fluids per day, as the combined field water cut is 23%. The HKM CPF and production processing facilities will be refurbished over the next 18 months to increase the total fluid handling capacity to over 170,000 bbls per day.

Kumkol North

Hurricane 50% interest; operated by Turgai Petroleum with LUKoil as 50% partner

Gross Acreage	40,655
Proved Crude Oil Reserves (mmbbls)	74.9
Proved plus Probable Crude Oil Reserves (mmbbls)	95.5
Producing wells as at Dec 31, 2000	112
Wells planned to be drilled in 2001	24

The joint venture company Turgai Petroleum (formerly Kumkol-LUKoil), operates Kumkol North. Turgai Petroleum is owned equally between Hurricane Kumkol Munai (HKM) and LUKoil Overseas Ltd. of Russia. Production and ancillary support facilities are provided by HKM as operator of Kumkol South on a fee basis. The crude is commingled after a fiscal metering station at the field's border, and then processed at the HKM CPF. An additional 24 wells will be drilled in 2001 as the exploitation of the reservoir continues. The joint venture considers there to be further potential for increasing production over the current rate of 28,000 bopd (gross).

South Kumkol

Hurricane 100% interest and operator

Gross Acreage	2,826
Proved Crude Oil Reserves (mmbbls)	35.1
Proved plus Probable Crude Oil Reserves (mmbbls)	45.1
Producing wells as at Dec 31, 2000	11
Wells planned to be drilled in 2001	9

Hurricane operates and holds 100% interest in South Kumkol. This field was discovered in 1992 and has been on production since December 1997. Production has increased to 18,700 bopd by December 2000. Nine additional production wells are planned in 2001 to exploit the reservoir fully. South Kumkol fluids are processed at the HKM CPF.

Akshabulak

Hurricane 50% interest; operated by Kazgermunai with partners RWE-DEA AG (25%), EEG (17.5%) and IFC (7.5%)

Gross Acreage	64,118
Proved Crude Oil Reserves (mmbbls)	51.4
Proved plus Probable Crude Oil Reserves (mmbbls)	67
Producing wells as at Dec 31, 2000	8
Wells planned to be drilled in 2001	4

Hurricane has a 50% interest in the Kazgermunai Joint Venture, which in turn has a 100% interest in three South Turgai Basin fields; Akshabulak, Nurali and Aksai. The company's other partners are RWA-DEA AG; Erdol Erdgas Gommern GmbH, owned by Gas de France; and International Finance Corporation, a division of the World Bank. This joint venture was formed in 1993.

Phase 1 of the Akshabulak field development has been completed with the drilling of 6 wells and the construction of processing and support facilities. Current production is 12,700 bopd. The joint venture has established an enhancement program that will double production in 2 years with minimal expenditures and is seeking the necessary amendments to the original development plan. Reserves have been increased accordingly.

Produced crude oil is sent north to Kumkol and then joins the KTO pipeline for transportation to market.

FIELDS IN DEVELOPMENT

The QAM Fields - Qyzylkiya, Aryskum and Maybulak

Hurricane 100% interest and operator

Gross Acreage	108,833
Proved Crude Oil Reserves (mmbbls)	28.5
Proved plus Probable Crude Oil Reserves (mmbbls)	112.9
Producing wells as at Dec 31, 2000 (Qyzylkiya early oil scheme)	3
Wells planned to be drilled in 2001	17

Hurricane has initiated a phased development program on its three non-producing fields Qyzylkiya, Aryskum and Maybulak, with unrisked total proved and probable reserves of 112.9 mmbbls. The phased approach provides early cash flow from operations while at the same time testing and confirming the reservoir and geological characteristics of each field. The phased development is predicated on the data acquisition, economics and risk assessment at several key review points. These "hold and review" points have been logically structured to minimize development risk.

Hurricane has embarked on an extensive data acquisition program to address the uncertainties remaining on the QAM fields. This work includes:

- 135 square kilometers of 3D seismic surveys acquired on the northern portion of Qyzylkiya, and the entire license area of the Maybulak field.
- A two well appraisal and license commitment drilling program began during November 2000 at the Maybulak field.
- Well tests and fluid data were obtained from existing Qyzylkiya and Aryskum wells.

Early oil production from the Qyzylkiya field commenced in August 2000 with 50° API sweet crude oil flowing from two Qyzylkiya wells. Simultaneously, production facilities and road construction projects were completed in November, creating all-weather access to the Kumkol field located 35 miles to the east. Current production of 2,400 bopd is trucked from three Qyzylkiya wells to Kumkol. A fourth well and the Pilot CPF are expected to come online in May 2001.

Planned in 2001 is the Early Oil Project at Aryskum, interpretation of the existing 3D seismic, acquisition of additional seismic data in the southern portions of Aryskum and Qyzylkiya and a 5 well appraisal drilling program in Qyzylkiya and Aryskum. Well testing, sampling and fluid analysis on existing and newly completed wells in the Maybulak field will also be completed in 2001. Following the interpretation of seismic data and core studies, the development plans will be revised to determine optimum well spacing and the overall project economics will be reviewed once more.

FIELDS UNDER APPRAISAL

Nurali and Aksai

Hurricane 50% interest, operated by Kazgermunai with partners RWE-DEA AG(25%), EEG (17.5%) and IFC (7.5%)

Gross Acreage	**164,795**
Probable Crude Oil Reserves (mmbbls)	**20.5**

Field delineation and the acquisition of 3D seismic will be conducted in 2001. First oil is predicted in late 2002.

East Kumkol (part of the 260-D1 Exploration License Area)

This is a Hurricane prospect just east of the main Kumkol field and 17 kms from the Kumkol central processing facility.

EXPLORATION

Hurricane holds two exploration licenses surrounding the Kumkol and South Kumkol fields. The gross acreages are as follows:

License 260D1	352,525
License 236D	10,586

Both these licenses surround the Kumkol field. In 2000, 135 miles of 3D seismic has been acquired and Hurricane drilled 2 exploration wells to the east of the main Kumkol field. The first well encountered reservoir but the well was dry. The second prospect EK5, is slightly closer to the main field. Testing is still to be completed but rates of 750 bopd of light, 43°API gravity crude from a single zone are very encouraging. Two higher zones remain to be tested.

Two exploration wells will be drilled in 2001 on the Karavanchi and North Nurali prospects, along with at least 1 delineation well on the East Kumkol field.

GAS UTILIZATION

Early in 2001, Hurricane concluded discussions with Government authorities to arrive at the optimum solution for the utilization of associated gas. It is expected that the necessary approvals will be granted to start the construction of a gas fired electrical power plant in the Kumkol field. This project will not only provide power for Hurricane's needs but will generate additional electricity that can be sold to third parties.

In addition, as a joint venture partner in the Kumkol North and Akshabulak fields, Hurricane is particicpating in a project to provide natural gas to the Kyzylorda region.

HEALTH, SAFETY AND ENVIRONMENT

Hurricane made a considerable improvement in safety performance in 2000 as the lost time injury rate was reduced from 17 in 1999 to 3 per million man hours in 2000. As part of the continuing process for improvement of the health and safety of its employees, the company completed both safety and environmental audits from western specialists. The results are favorable, nevertheless, Hurricane has initiated several programs to further enhance its performance.

An environmental impact assessment (EIA) was initiated for the QAM development, which applies not only to the impact of field construction on the environment but also the impact associated with the crude oil pipeline and rail loading station. It is Hurricane's intention to have an independant audit of the EIA.

Health, Safety and Environment were an integral part of the plans for the redevelopment of the Kumkol Field processing facilities. The revised design and upgrades to these facilities will contribute significantly to improved safety in the plant and minimize business interruption.

RESERVES RECONCILIATION BY FIELD

Proved plus probable (millions of barrels)

	Kumkol South	Kumkol North	South Kumkol	Qyzylkiya	Aryskum	Maybulak	Akshabulak	Nurali	Aksai	TOTAL
Reserves as at Jan. 1, 2000	129.0	130.8	31.2	28.6	54.2	30.1	34.2	17.0	3.5	458.6
Revisions	38.7*	(30.4*)	18.5*	0.0	0.0	0.0	35.0**	0.0	0.0	61.8
Production	(21.1)	(4.9)	(4.6)	0.0	0.0	0.0	(2.2)	0.0	0.0	(32.8)
Reserves as at Jan. 1, 2001	146.6	95.5	45.1	28.6	54.2	30.1	67.0	17.0	3.5	487.6

* Change due to re-evaluation of reservoirs

** Change due to re-evaluation of reservoir and consolidation of the KGM Joint Venture

RESERVE EVALUATION

Summary of Remaining Crude Oil Reserves and Present Values

ESCALATING PRICE ASSUMPTIONS as at January 1, 2001. McDaniel & Associates Consultants Ltd.

Total Company Interest by Field

	Hurricane Share of Reserves (millions of barrels)				Present Worth Values (US thousands of dollars at 10% discount)			
Field	Proved	%	Proved + Probable	%	Proved	%	Proved + Probable	%
Kumkol South	125.4	39.8	146.6	30.0	658,833	43.2	795,039	32.3
Kumkol North	74.9	23.8	95.5	19.6	419,394	27.5	520,885	21.2
South Kumkol	35.1	11.1	45.1	9.3	214,753	14.1	271,448	11.0
Qyzylkiya	9.5	3.0	28.6	5.9	35,129	2.3	138,630	5.6
Aryskum	12.0	3.8	54.2	11.1	53,621	3.5	298,817	12.2
Maybulak	7.0	2.2	30.1	6.2	17,723	1.2	124,904	5.1
Akshabulak	51.4	16.3	67.0	13.7	124,654	8.2	220,100	9.0
Nurali	0.0	0.0	17.0	3.5	0	0.0	73,536	3.0
Aksai	0.0	0.0	3.5	0.7	0	0.0	13,753	0.6
Total	315.3	100.0	487.6	100.0	1,524,107	100	2,457,112	100.0

Summary of Remaining Crude Oil Reserves and Present Worth Values

ESCALATING PRICE ASSUMPTIONS as at January 1, 2001. McDaniel & Associates Consultants Ltd.

	Reserves (millions of barrels)		Present Worth Values (US thousands of dollars) before tax Discounted at				
	Property Gross	Hurricane Share (before royalties)	0.0 %	10.0 %	12.5 %	15.0 %	20.0 %
Proved Producing	226,786	175,022	1,323,271	986,336	928,198	876,998	791,118
Proved Undeveloped	214,918	140,377	1,224,183	537,771	449,481	378,417	272,756
Total Proved	441,704	315,400	2,547,454	1,524,107	1,377,679	1,255,415	1,063,874
Probable	228,877	172,160	1,943,484	933,004	798,123	688,675	524,476
Proved Plus Probable	670,581	487,559	4,490,938	2,457,112	2,175,802	1,944,090	1,588,350

Review of Operations
Refining, Marketing and Trading

BACKGROUND

On October 9, 1999, Hurricane and two Kazakhstani companies entered into an agreement whereby Hurricane acquired a majority interest in OJSC Shymkentnefteorgsyntez ("ShNOS") a domestic Kazakhstani downstream company. ShNOS owns and operates the Shymkent refinery in South Kazakhstan where Hurricane's crude oil production is processed. In addition to the refinery, other assets acquired include a marketing and trading operation comprised of a network of distribution centers along with several retail gasoline outlets.

The acquisition of ShNOS makes Hurricane the largest publicly-owned integrated oil company in the Republic of Kazakhstan.

DOWNSTREAM ORGANISATION RESPONSIBILITIES

Hurricane's new downstream organisation is accountable for maximising the value of the company's crude oil production, optimising the yield and cost efficiency of the refinery and executing market-driven strategies for petroleum products marketing and trading, including securing a larger share of the end-users' distribution margins.

THE REFINERY

The Shymkent refinery is one of Kazakhstan's three oil refineries. It is the newest, having been built in 1985, and is located next to the city of Shymkent in south central Kazakhstan. The refinery is strategically located to serve approximately one third of Kazakhstan's population that live in the southern part of the country.

The refinery is mainly a hydroskimming plant and has a refining capacity of 140,000 bopd, using Kumkol crude, which constitutes 33% of Kazakhstan's installed refining capacity in primary distillation.

It is configured to supply the current regional market, producing mainly gasoline, diesel, heating oil. Other products produced by the refinery include kerosene, jet fuel and LPG.

Unlike the Pavlodar refinery in northern Kazakhstan, the Shymkent refinery is not dependent on Russian oil. At the present time, the plant refines, almost exclusively, crude produced from fields in the Turgai Basin. Oil from these fields flows directly to the refinery by pipeline. Other oil and condensate is delivered to the refinery from western Kazakhstan and Uzbekistan, albeit, only in small quantities.

During the period March 31 to December 31, 2000, the Shymkent refinery processed 12.5 million barrels or 45,290 bopd, including 3.2 million barrels that were custom-refined for third parties.

There are a number of opportunities for improvement at the Shymkent refinery. These include:

- *Operating practises: The refinery technical staff, though extremely competent, has not been exposed to the best international operating practises. The company plans to implement a comprehensive review of operations, using a world-wide refinery consulting firm, in order to implement improvements in operating procedures.*
- *Investments: The above mentioned study will also enable Hurricane to determine the most appropriate investment strategy in order to prepare the refinery for potential changes in product specifications and to meet changes in product market demand.*
- *Integration of the refinery in the value chain: The planning and scheduling of the refinery will be integrated as a component of the company's corporate-wide optimisation system, aimed at maximising the value for Hurricane's crude oil production and all of the downstream activities.*

CRUDE OIL REVENUE OPTIMISATION

During 2000, Hurricane's total crude oil sales (including purchased crude) were 31.7 million barrels, or an average of 86,651 bopd of which 34% were exported, 34% were sold domestically or delivered to meet royalty-in-kind obligations and 32% were refined and sold either in the domestic or export markets.

Transportation of crude oil to the export market is the company's largest single operating cost. One of Hurricane's most important priorities in 2001 is to improve its transportation logistics in order to maximise the company's netback from crude oil exports.

Depending on the market environment and international crude oil prices, the best crude oil netback can be obtained either by exporting crude oil or by processing the crude oil at the refinery for sale in the domestic market. As Hurricane is a vertically integrated oil company in Kazakhstan, this enables the company to find the best commercial solution at all times.

OIL PRODUCTS TRADING AND DOMESTIC MARKETING

The marketing and trading of oil products is performed through ShNOS by direct sales from the refinery or through the network of distribution centers. Oil products are transported by railway, the tariff dependent upon the distance travelled. ShNOS is a significant part of the oil products market in Kazakhstan accounting for 32% of the market in gasoline sales and diesel sales in 2000. ShNOS sells anything from 80% to 90% of its products in the domestic market, with the remainder being sold in the export markets.

The company believes that it will be increasingly necessary to become more involved in the wholesale and retail product markets in Kazakhstan. This will entail entering into exclusivity contracts with a number of distributors. A commercial brand image development program will be an integral part of this program.

OVERVIEW

Hurricane had outstanding financial results in 2000. The acquisition of OJSC Shymkentnefteorgsyntez (ShNOS) to create an integrated oil and gas company, combined with a 30% increase in production, cost reductions and higher world oil prices, led to record results for Hurricane in 2000 and the complete restructuring of the Company's Balance Sheet.

The ShNOS acquisition was completed on March 31, 2000. Hurricane's financial statements include ShNOS net income and cash flow from operations for the nine months ended December 31, 2000. Please refer to note 4 of the consolidated financial statements for the segmented information pertaining to Upstream and Downstream.

CHANGE IN ACCOUNTING STANDARDS

Effective January 1, 2000, Hurricane adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to future income taxes. Under this recommendation, future income tax assets and liabilities are computed based upon temporary differences between the accounting and taxation basis of assets and liabilities. On January 1, 2000, Hurricane recorded a future income tax asset of $19.1 million on the basis that realization of such asset is more likely than not. The restatement was applied retroactively without restatement of prior year figures. This increased retained earnings at January 1, 2000 by $19.1 million.

Revenue

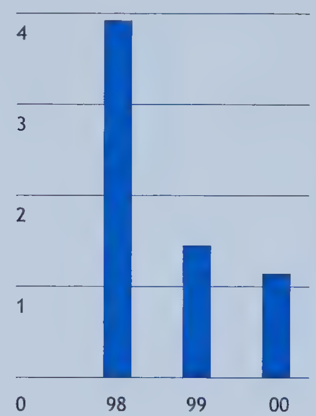
Sales revenue increased by 237% to $523.2 million in 2000 compared with $155.2 million in 1999. Of the total increase of $368 million, $216 million is attributable to the acquisition of ShNOS, $76 million to the increase in the price realized on crude oil sales and $72 million due to the increase in crude oil production. Sales volumes, including purchased crude, were 31.7 mmbbls (86,651 bopd) in 2000 with 34% exported, 34% sold domestically and 32% refined and sold as products through the Downstream division compared to 24.1 mmbbls (65,971 bopd) in 1999.

Hurricane's average realized price for total crude oil sales (after excluding the oil refined and sold as products) was $14.12 in 2000 versus $6.36 in 1999. Exporting 34% of the sales volume and higher world oil prices led to this increase. Hurricane sells and transfers title to its crude oil within Kazakhstan. Accordingly, revenue is recorded net of transportation costs from the wellhead at Kumkol in the case of crude, delivered to satisfy royalty payments, or from the Shymkent refinery or export loading terminal, to the final destination for exports. The average realization for exports was $19.34 per barrel in 2000 and the average realization for crude sold domestically or for delivery to meet royalty-in-kind obligations was $8.90 per barrel. Sales between HKM and ShNOS during much of 2000 were set by reference to specific contractual arrangements but, in the future, domestic sales of crude will reflect changes in the market for domestic refined products adjusted for the costs of refining and processing. The average price realized for domestic refined products was $19.59 in 2000.

Production Expenses

On a per unit basis, production expenses decreased by 21% from $1.46 per barrel to $1.15 per barrel of oil produced in 2000 due to operational efficiencies realized in 2000 and the 30% increase in production from 1999, leading to "economies of scale".

Production Costs
($/bbl)



Royalties

Royalties increased from $0.71 per barrel to $1.10 per barrel of oil sold in 2000. The increase was due to the increase in volumes and the increase in world oil prices. Under Hurricane's Hydrocarbon contracts, royalties are payable quarterly to the Kazakhstan government in cash or in-kind at the option of the government. The royalty rates on certain properties increase as cumulative annual production rises and on other fields, royalty rates are a fixed percentage of production.

Pipeline Tariffs

Pipeline tariffs rose to $0.82 per barrel of oil sold from $0.71 per barrel in 1999. This 16% increase arises because domestic pipeline tariffs were raised during 2000. These costs relate to the transportation of crude by pipeline from the Kumkol fields area to the Shymkent refinery and export loading terminal.

Refining, Crude Oil and Refined Products Purchases, Selling Expenses

Refining expenses represent the costs to refine oil whether the oil is processed for third parties or for Hurricane's account. Crude oil and refined products purchases are the expenditures made to acquire crude oil for processing and refined products for resale. Selling expenses are the costs incurred to operate the seven distribution centers in Kazakhstan.

General and Administrative

General and administrative expenditures were $44.6 million compared to $35.0 million in 1999. The increase relates to the additional general and administrative expenditures following the acquisition of ShNOS, offset in part by cost control measures taken by Hurricane in 2000. Upstream G&A costs were $30.4 million for 2000 versus $35.0 million for 1999. On a per barrel sold basis, G&A decreased from $1.45 per barrel to $0.99 per barrel.

Interest and Financing Costs

Interest and financing costs relates to the debt and accrued interest arising from the Canadian and U.S. notes. During 2000, Hurricane repaid $173.9 million to the noteholders and annual interest costs fell from $23.9 million in 1999 to $18.7 million in 2000.

Depletion and Depreciation

Depletion and depreciation has increased by $11.8 million in 2000. The addition of ShNOS, the transfer of assets to developed producing and the increase in production led to the majority of this increase. Downstream accounted for $7.0 million of the increase and the transfer of assets to the depletable pool accounted for $3.1 million. On a per barrel sold basis for Upstream, depletion and depreciation increased from $0.12 to $0.25.

Waiver Fees and Debt Restructuring Costs

These costs relate to the restructuring of the Canadian and U.S. notes. Please refer to note 2 to the financial statements, Companies' Creditors Arrangement Act.

Income Taxes and Government Charges

Kazakhstan income taxes are payable based upon financial statements prepared in accordance with Kazakhstan laws. The majority of the differences are temporary differences where an expense or revenue item is recorded for Canadian GAAP purposes in a different period than allowed under Kazakhstani law. The statutory income tax rate in Kazakhstan is 30%. See note 13, Income taxes and government charges for a reconciliation of the expected tax expense to actual.

Net Income

Hurricane had net income of $154.9 million or $2.19 per share compared with $8.5 million or $0.19 per share in 1999, an increase of 1,722% for net income and 1,053% for earnings per share.

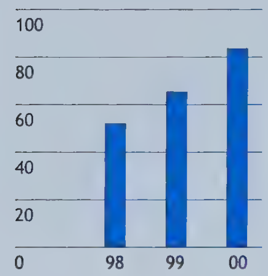
Quarterly Information

The first two quarters of 1999 were characterized by low production levels and low crude oil prices. This was followed by a significant recovery in prices and an increase in crude oil production levels for the second half of 1999.

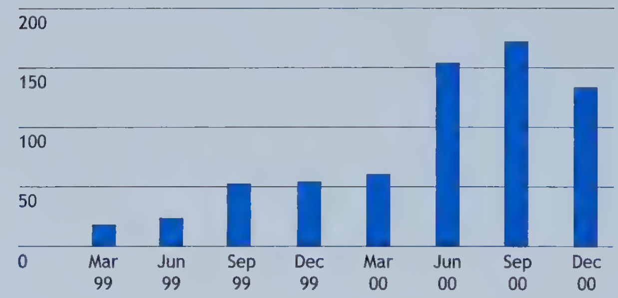
During the first quarter of 2000, the company closed the acquisition of ShNOS, creating an integrated oil company, which was in part, responsible for the record results in 2000. Hurricane also incurred waiver fees and debt restructuring costs of $19.5 million during the first quarter of 2000.

World oil prices and increasing production led to the improved results in the second and third quarters of 2000. In the fourth quarter of 2000, the decline in revenue and results was mainly attributable to a decline in world oil prices of $3.50 per barrel when compared to the third quarter and an increase in the cost of transportation for exports of crude oil of approximately $2 per barrel to $12 per barrel.

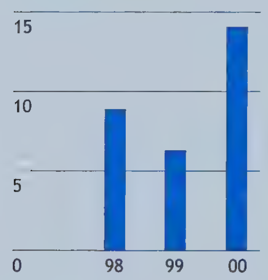
Crude Oil Production
(thousands of bbls/day)



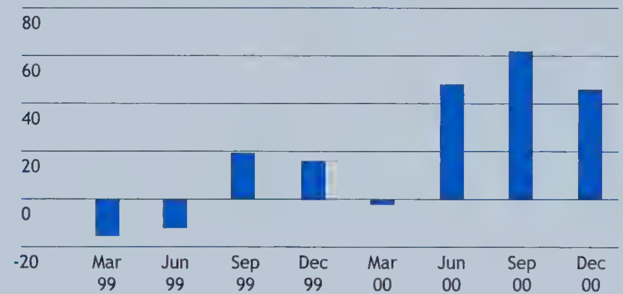
Total Revenue per Quarter Ending
(in millions of dollars)



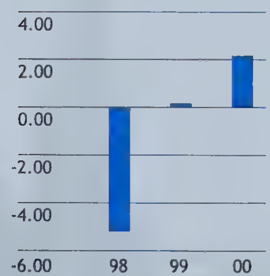
Average Realized Oil Price ($/bbl)



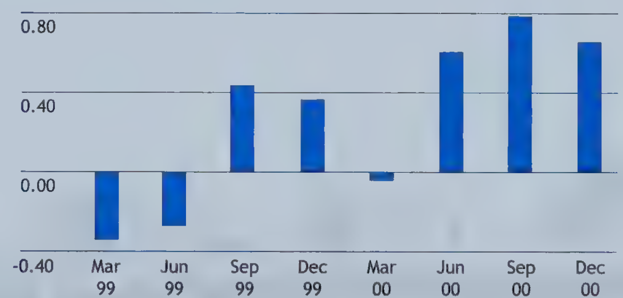
Net Income per Quarter Ending
(in millions of dollars)



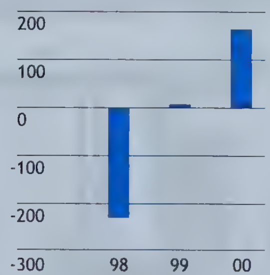
Net Income Per Share
(Dollars)



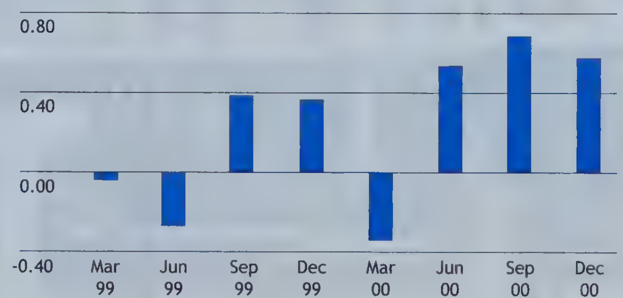
Net Income per Share
for Quarter Ending



Net Income
(thousands of dollars)



Fully Diluted Net Income per Share
for Quarter Ending



Capital Assets

ShNOS was purchased for total consideration of $121.8 million. The value ascribed to Capital Assets was $110.5 million. With the proportionate consolidation of Hurricane's Kazgermunai joint venture, there was a $63.2 million addition to Capital Assets. The remaining additions were additions to oil and gas properties and refining assets.

Managing Liquidity and Capital Resources

Hurricane is committed to maintaining a strong and properly structured balance sheet so that it may take advantage of investment opportunities as they arise and increase its resilience to times of low commodity prices.

In 2000, the company paid $174 million to the note holders in principal and interest. The remaining obligation is $24 million. Current plans are that the note holders will be repaid in entirety by the end of the second quarter of 2001.

During the year, net debt fell from $168 million to $48 million after accounting for $63 million of net debt ring-fenced within the Kazgermunai joint venture which was consolidated at the end of November 2000 (see Note 5 in Financial Statements).

Hurricane has adequate working capital facilities in place to fund operations, provided by international and Kazakhstani banks. The company expects to generate sufficient cash flow to fund its capital program in 2001.

Project	Amount (Millions of Dollars)
QAM	
Pipeline	45
Field development	45
KUMKOL	
Oil production	20
Facilities	17
Downstream	21
Turgai petroleum	17
Gas Utilization	10
Exploration Prospects	5
TOTAL	180

The company is placing a $25 million bond issue in Kazakhstan with a coupon rate of 10% and a three-year term. Hurricane has also signed a Mandate Letter with the European Bank for Reconstruction and Development ("EBRD") for a seven-year loan for up to $80 million. These funds will be used to finance long-term capital projects such as the QAM field development and pipeline and will also aid in properly structuring the balance sheet.

Please refer to notes 10 and 11 of the consolidated financial statements for more information regarding current and long-term debt and note 12 for share transactions during the year.

Risks

Commodity Price Risks

The price received for crude oil exports and refined products sold in the domestic market is linked to world oil prices after taking account of transportation costs between export markets and the Kazakhstani domestic market. The Brent price is the principal determinant of the realized price of Hurricane's exports. Although the price of refined product sold on the domestic market is also referenced to changes to international prices there can be significant time lags in the adjustment process and the relationship between export and domestic product netbacks may vary from period to period. In 2001, the company will continue to optimize price realisations between exports and domestic sales and will develop strategies to minimize the transportation cost differential between international and Kazakhstani domestic prices.

Kazakhstani Environment

The company's operations and assets are located in the Republic of Kazakhstan. Kazakhstan has been independent of the former Soviet Union since December 16, 1991. There are risks inherent in operating in a country which has been independent for such a relatively short period of time and which does not yet have as fully developed a business infrastructure as usually exists in more developed countries.

Foreign Exchange Risks

Hurricane reports in U.S. dollars. Export sales revenues are in U.S. dollars, and domestic sales of crude oil and refined products are made in the Tenge equivalent to U.S. dollars as of the date of sale. The majority of the company's operating costs are denominated in Tenge.

The company's exposure to the Tenge is through the net bank balances maintained and the tax basis of its capital assets. For tax purposes the books are maintained in Tenge. The company has the possibility to revalue the tax basis of its assets using the official annual rate of inflation. Any currency movements in excess of the annual inflation rate will create exchange gains and losses upon conversion to U.S. dollars. There is no significant forward market in the Tenge, therefore the company does not hedge this exposure.

Outlook for 2001

The acquisition of ShNOS by HKM has created an integrated company in Kazakhstan that is able to exploit fully its assets for both the domestic and export markets.

The company plans to increase production to 109,000 barrels of oil per day in 2001 and will invest up to $180 million in de-bottlenecking Kumkol field production facilities; developing the QAM fields and pipeline; drilling up to 53 wells; improving the yield and energy efficiency of the Shymkent refinery and improving the refined product distribution efficiency to capture end-user margins.

It is anticipated that the start-up of the Caspian Pipeline Consortium ("CPC") will result in a significant reduction to the cost of oil transportation and enhance the value of crude exports to Europe and Hurricane will continue to develop access to export markets closer to our production base in Kazakhstan.

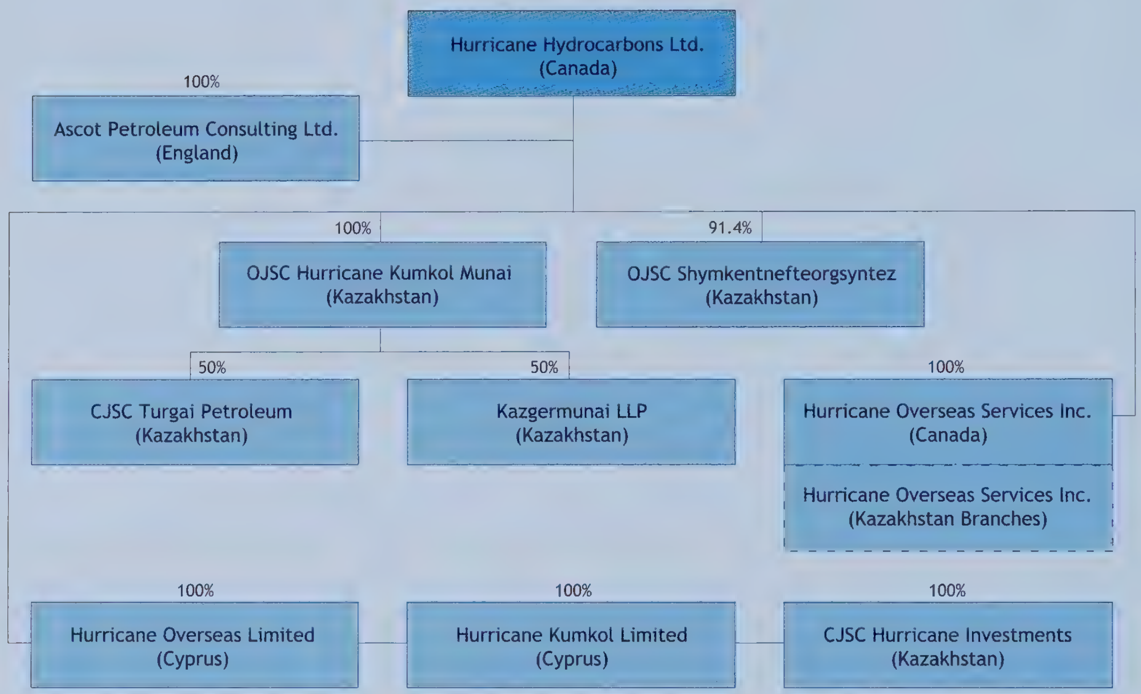
Hurricane will continue to reduce the operating and overhead cost of the business to optimize the use of capital and lower the company's break-even price.

Hurricane's balance sheet has been strengthened through repayment of most of the U.S. and Canadian bonds and new debt facilities of short, medium and long term are in place or being raised to finance operations and the forthcoming investment program.

Hurricane will seek to extend coverage of the stock through listings in London and Kazakhstan.

Corporate Structure

The following chart shows the principal subsidiaries of Hurricane Hydrocarbons Ltd., their respective jurisdictions of incorporation and the percentage ownership Hurricane Hydrocarbons Ltd., has, directly or indirectly, in each. The company conducts virtually all its operations through, and virtually all its assets are held, directly or indirectly, by Hurricane Kumkol Munai (HKM) and Shymkentnefteorsyntez (ShNOS).



Hurricane Hydrocarbons Ltd. (Canada) - corporate head office that directly or indirectly owns all of the other companies within the Hurricane group.

Ascot Petroleum Consulting Ltd. (England) - provides management services to companies in the Group.

Hurricane Overseas Limited (Cyprus) and Hurricane Kumkol Limited (Cyprus) - intermediate holding companies.

Hurricane Overseas Services Inc. (Canada and Kazakhstan) - supplier of international goods and services for Hurricane's Kazakhstani operations; hires and compensates expatriate employees.

OJSC Hurricane Kumkol Munai (Kazakhstan) - responsible for Hurricane's upstream operations in Kazakhstan; including the development and production of crude oil reserves, financial planning and accounting, and the training of Kazakhstan employees. Hurricane owns 100% of the common shares of HKM which represent 89.5% of the voting shares. The balance of the voting shares of HKM consist of a single class of preferred stock owned by current and former employees of HKM.

OJSC Shymkentnefteorsyntez (Kazakhstan) - responsible for Hurricane's downstream operations in Kazakhstan. ShNOS owns and operates the Shymkent refinery and a wide network of marketing and distribution centres. Hurricane owns 91.4% of the common voting shares of ShNOS. The remaining voting shares of ShNOS are held by private investors.

CJSC Hurricane Investments (Kazakhstan) - recruits and compensates Kazakhstan employees, owns Hurricane's office building in Almaty.

CJSC Turgai Petroleum (Kazakhstan) - 50% joint venture with LUKoil of Russia to develop the north half of the Kumkol field.

Kazgermunai LLP (Kazakhstan) - 50% joint venture with RWE-DEA AG (25%), EEG (17.5%), and IFC (7.5%) to develop the Akshabulak, Nurali and Aksai fields.

Financial Section

Management's Report

All information in this annual report is the responsibility of management. The financial statements necessarily include amounts that are based on estimates, which have been objectively developed by management using all relevant information. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal accounting control designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Audit Committee of the Board of Directors, comprised of three non-management directors, has reviewed the financial statements with management and Deloitte & Touche. The financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Bernard F. Isautier
President and Chief Executive Officer

KGLough.

Keith G. Lough
Senior Vice President Finance and
Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Hurricane Hydrocarbons Ltd.

We have audited the consolidated balance sheets of Hurricane Hydrocarbons Ltd. (the "Corporation") as at December 31, 2000 and 1999, and the consolidated statements of income and deficit and cash flow for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

With respect to the consolidated financial statements for the year ended December 31, 2000 we conducted our audit in accordance with Canadian generally accepted auditing standards and United States generally accepted auditing standards. With respect to the consolidated financial statements for each of the years in the two year period ended December 31, 1999, we conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and cash flows for each of the three years ended in the period December 31, 2000 in accordance with generally accepted accounting principles in Canada.

Deloitte + Touche.

Deloitte & Touche
Almaty, Kazakhstan
February 2, 2001

Consolidated Statements of Income and Deficit

Years ended December 31st

(Expressed in thousands of United States dollars)

	2000	1999	1998
REVENUE			
Crude oil	301,216	153,047	171,752
Refined products	203,728	-	-
Processing fees	11,884	-	-
Interest and other income	6,373	2,196	4,197
	523,201	155,243	175,949
EXPENSES			
Production	35,302	34,443	75,492
Royalties	33,709	16,652	12,177
Pipeline tariffs	25,152	17,016	-
Refining	12,583	2,197	-
Crude oil and refined products purchases	48,100	-	-
Selling	7,728	-	-
General and administrative	44,565	35,039	41,071
Interest and financing costs	18,708	23,874	30,541
Depletion and depreciation	14,680	2,891	55,279
Ceiling test write-down	-	2,100	173,437
Foreign exchange (loss) gain	(2,266)	7,647	(5,426)
	238,261	141,859	382,571
INCOME (LOSS) BEFORE UNUSUAL ITEMS	284,940	13,384	(206,622)
UNUSUAL ITEMS			
Gain recognized on sale of assets (note 6)	-	(12,800)	-
Waiver fees and debt restructuring costs	20,373	-	-
INCOME (LOSS) BEFORE INCOME TAXES	264,567	26,184	(206,622)
INCOME TAXES AND GOVERNMENT CHARGES (note 13)			
Current provision	100,708	17,671	23,044
Future income tax	(1,051)	-	(400)
	99,657	17,671	22,644
NET INCOME (LOSS) BEFORE MINORITY INTEREST	164,910	8,513	(229,266)
MINORITY INTEREST	9,980	-	-
NET INCOME (LOSS)	154,930	8,513	(229,266)
(DEFICIT) / EARNINGS, BEGINNING OF YEAR	(192,827)	(201,286)	28,230
Future income tax restatement (note 1)	19,061	-	-
Reduction of retained earnings			
- normal course issuer bid	-	-	(190)
Preferred share dividends	(51)	(54)	(60)
DEFICIT, END OF YEAR	(18,887)	(192,827)	(201,286)
BASIC NET INCOME PER SHARE (note 15)	2.19	0.19	(5.18)
FULLY DILUTED NET INCOME PER SHARE (note 15)	1.92	0.19	(5.18)

Consolidated Balance Sheets

As at December 31st

(Expressed in thousands of United States dollars)

	2000	1999
ASSETS		
CURRENT		
Cash and cash equivalents	**59,298**	30,748
Accounts receivable	**35,714**	5,300
Due from joint venture (note 6)	**-**	7,554
Inventory (note 7)	**20,808**	5,131
Prepaid expenses	**10,230**	2,849
	126,050	51,582
Long-term amounts receivable (note 8)	**-**	1,393
Future income tax asset (note 13)	**24,010**	-
Capital assets (note 9)	**264,466**	87,555
Deferred restructuring costs	**-**	907
TOTAL ASSETS	**414,526**	141,437
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**35,420**	24,651
Prepayments for crude oil and refined products	**11,974**	-
Taxes payable and accrued	**24,382**	4,756
Short term loans	**1,000**	-
Debt and accrued interest (notes 2 and 10)	**24,006**	198,571
	96,782	227,978
Long-term debt of joint venture (notes 5 and 11)	**82,048**	-
Provision for future site restoration costs	**1,750**	905
Future income tax liability (note 13)	**25,075**	-
Minority interest (note 3)	**23,724**	-
Preferred shares of subsidiary	**104**	136
	229,483	229,019
COMMITMENTS AND CONTINGENCIES (notes 2 and 14)		
SHAREHOLDERS' EQUITY		
Share capital (note 12)	**203,930**	105,245
Deficit	**(18,887)**	(192,827)
	185,043	(87,582)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**414,526**	141,437

APPROVED BY THE BOARD OF DIRECTORS

BERNARD ISAUTIER
Director

ROBERT KAPLAN
Director

Consolidated Statements of Cash Flow

Years ended December 31st

(Expressed in thousands of United States dollars)

	2000	1999	1998
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net income (loss)	154,930	8,513	(229,266)
Items not affecting cash:			
Depletion and depreciation	14,680	2,891	55,279
Ceiling test write-down	-	2,100	173,437
Other non-cash charges	-	3,463	(7,070)
Minority interest	9,980	-	-
Future income tax	(1,051)	-	(360)
Deferred restructuring costs	907		8,589
Cash Flow	179,446	16,967	609
Changes in non-cash operating working capital items (note 16)	32,532	28,472	87,534
CASH FLOW FROM OPERATING ACTIVITIES	211,978	45,439	88,143
FINANCING ACTIVITIES			
Proceeds from issue of share capital, net of share issuance costs	26,743	-	2,347
Preferred share dividends	(51)	(54)	(60)
Repayment of debt & accrued interest	(173,860)	-	-
Deferred restructuring costs	-	(907)	-
Change in long term receivables	1,393	-	-
Funds (used in) from financing	(145,775)	(961)	2,287
INVESTING ACTIVITIES			
Purchase of preferred shares of subsidiary	(85)	-	-
Cash acquired on proportionate consolidation of LLP Kazgermunai (note 5)	16,638	-	-
Acquisition of OJSC ShNOS, net of cash acquired (note 3)	(37,229)	-	-
	(20,676)	-	
Capital expenditures, net of dispositions	(16,977)	(15,196)	(112,977)
Long-term amounts receivable	-	-	(1,621)
Funds used for investing	(37,653)	(15,196)	(114,598)
INCREASE (DECREASE) IN CASH	28,550	29,282	(24,168)
CASH AND CASH EQUIVALENTS POSITION, BEGINNING OF YEAR	30,748	1,466	25,634
CASH AND CASH EQUIVALENTS POSITION, END OF YEAR	59,298	30,748	1,466

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of United States dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Hurricane Hydrocarbons Ltd. ("Hurricane" or the "Corporation") is an independent integrated oil and gas corporation engaged in the acquisition, exploration, development, production and refining of oil, and the sale of oil and oil products, operating in the Republic of Kazakhstan.

The consolidated financial statements of Hurricane have been prepared in accordance with generally accepted accounting principles in Canada and include the accounts of the Corporation, which is incorporated under the laws of Alberta, together with the accounts of its subsidiaries which are incorporated under the laws of Canada, Cyprus, England and Kazakhstan.

On August 28, 1996, the Corporation entered into a Share Sale-Purchase Agreement (the "Agreement") with the Republic of Kazakhstan for the purchase of 100% of the issued common shares of Hurricane Kumkol Munai ("HKM"), a state owned joint stock company, operating in the South Turgai Basin, located in South Central Kazakhstan.

As more fully explained in note 3, effective March 31, 2000, the Corporation acquired 88.36% of the common shares of OJSC Shymkentnefteorgsynthez ("ShNOS"). Accordingly, the consolidated financial statements for the year ended December 31, 2000, as presented, include the operations of ShNOS as at and for the nine months ended December 31, 2000.

Joint ventures

As more fully explained in note 5 certain of Hurricane's activities are conducted jointly with others through incorporated joint ventures. Accordingly, these consolidated financial statements reflect Hurricane's proportionate interest in such activities.

Foreign currency translation

Foreign currency amounts, including those of foreign subsidiaries, are expressed in United States dollars using the temporal method as follows:

(a) Monetary assets and liabilities - at the rate in effect at year end;

(b) Other assets and liabilities - at historical rates; and

(c) Revenues and expenses - at the average exchange rates during the period, except for provisions for depletion and depreciation which are translated on the same basis as the related assets.

Gains or losses resulting from such conversions are charged to operations, except that gains or losses on conversion to United States Dollars of long term monetary assets and liabilities are deferred and amortized over the remaining useful lives of the assets or liabilities.

Cash and cash equivalents

Cash and cash equivalents include term deposits with original maturity terms not exceeding 90 days.

Inventories

Inventories of crude oil, oil products and other inventories are recorded at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Capital assets

a) Petroleum and natural gas properties

Hurricane follows the full cost method of accounting for oil and gas operations whereby all exploration and development expenditures are capitalized. Such expenditures include land acquisition costs, geological and geophysical expenses, carrying charges for unproved properties, costs of drilling both productive and nonproductive wells, gathering and production facilities and equipment and overhead expenses related to exploration and development activities. Proceeds from sales of oil and gas properties are recorded as reductions of capitalized costs, unless the cost centre's depreciation and depletion rate would change by a factor of 20% or more, whereupon gains or losses are recognized in income. Maintenance and repair costs are expensed as incurred, while improvements and major renovations to assets are capitalized.

Costs accumulated within each cost centre, including provision for necessary future development and site restoration expenditures, are depreciated and depleted using the unit-of-production method based upon estimated proved reserves before royalties. Significant development projects and expenditures on exploration properties are excluded from the depletion calculation prior to assessment of the existence of proved reserves. Costs for unproved properties and major developments are evaluated periodically for impairment.

Capitalized costs are subject to a cost recovery test (the "ceiling test"). Under this test, costs accumulated are limited to the estimate of future undiscounted net revenues from production of estimated proved reserves at prices and costs in effect at the year end, plus the cost of major developments and undeveloped proved properties less any impairment of such costs, and less estimated future interest expense, administrative costs, future site restoration costs and income taxes attributable to those operations. If the net carrying cost exceeds the ultimate recoverable amount as computed under the test, a write down is recorded.

b) Refining facilities and properties

The refinery assets have been recorded at March 31, 2000 based upon the ascribed value assigned to such assets resulting from accounting for the acquisition of ShNOS on that date, under the purchase method of accounting for business combinations. Depreciation is recorded from April 1, 2000 based on the remaining useful lives of the respective assets or categories of assets.

Maintenance and repairs, including minor renewals and improvements are charged to income as incurred. The cost of major renovations and improvements which increase useful lives are capitalized. Direct costs incurred in the construction of fixed assets, including labour, materials and supplies are capitalized.

c) Depreciation of refining facilities

Depreciation is calculated on the straight line method using the following useful economic lives (in years):

Buildings, warehouses and storage facilities	20 - 40 years
Process machinery and equipment	5 - 20 years
Transport equipment	5 - 30 years
Other tangible fixed assets	3 - 15 years

d) Depreciation of other capital assets

Depreciation is provided on other capital assets using the declining balance method at the rate of 20% per annum.

Site restoration

Estimated future site restoration costs are provided for on the unit of production basis. Costs are based on engineering estimates of the anticipated method and extent of site restoration, in accordance with current legislation, industry practices and costs. Provision is being made for site restoration costs that the Corporation expects to incur.

Revenue recognition

Sales of petroleum and refined products are recorded in the period in which the sale occurs. Produced but unsold products are recorded as inventory until sold.

Royalties

Royalties are recorded on the accruals basis and are paid to the government of the Republic of Kazakhstan in accordance with negotiated hydrocarbon agreements on a field-by-field basis. The Corporation's royalties, which are either fixed or are based on a sliding scale related to production in the specific field for a calendar year, vary from 3% to 15%.

Financial Instruments

The Corporation's financial instruments recognised in the consolidated balance sheets consist of cash and cash equivalents, accounts receivable, substantially all current liabilities and long-term borrowings.

The fair values of cash and cash equivalents, accounts receivable and current liabilities approximate their carrying amounts due to the short term maturity of these instruments.

The fair values of the Corporation's fixed rate notes and proportionate share of the long term debt of its Kazgermunai joint venture (note 11) approximates their carrying amounts.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these consolidated financial statements.

Income taxes

Effective January 1, 2000, the Corporation adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to the future income tax method. Under this method, future income tax assets and liabilities are computed based on temporary differences between the accounting and taxation basis of assets and liabilities. At January 1, 2000 the Corporation recorded a future income tax asset of $19.1 million on the basis that realization of such asset is more likely than not. This restatement was applied retroactively without restatement of figures of prior years. This results in increased retained earnings at January 1, 2000 of $19.1 million.

Stock option plan

The Corporation has a stock option plan described in note 12. No compensation expense is recognized for the plan when stock options are issued to employees.

2. COMPANIES CREDITORS ARRANGEMENT ACT

On May 14, 1999, Hurricane Hydrocarbons Ltd. and a subsidiary Hurricane Overseas Services Inc. applied for and obtained an order from the Court of Queen's Bench of Alberta (the "Court") under the Companies' Creditors Arrangement Act. On February 28, 2000, the creditors of the Corporation approved and the Court sanctioned the Fourth Amended and Restated Plan of Compromise and Arrangement ("the Plan").

The Plan was implemented on March 31, 2000, and pursuant to the Plan the Corporation has made the following payments to the holders of the U.S. and Canadian notes:

(a) On March 31, 2000, $87.0 million, comprised of $23.2 million for outstanding interest and liquidated damages payments, $13.6 million in waiver fees and $50.2 million of principal repayments;

(b) On June 30, 2000, $30.2 million, comprised of $15.0 million of principal, a $10.0 million prepayment of principal and $5.2 million in interest;

(c) On September 30, 2000, $54.2 million, comprised of $19.0 million of principal, a $31.0 million prepayment of principal and $4.2 million in interest;

(d) On December 31, 2000, $32.2 million, comprised of $19.0 million of principal, an $11.0 million prepayment of principal and $2.2 million in interest;

In addition, Creditors with undisputed claims amounting to $3.3 million plus interest have been paid in full.

Pursuant to the Plan, the terms of the existing U.S. and Canadian notes and their related trust indentures and guarantees have been amended such that;

(a) Any acceleration of the due dates and maturity dates for the repayment of the principal amounts of the U.S. and Canadian Notes contemplated in the original Trust Indentures is deemed to be cancelled and waived;

(b) The interest related to the U.S. and Canadian Notes is 16% per annum;

(c) The remaining principal amounts are to be repaid as detailed in note 10.

The Corporation has the right to repay any amount of principal at any time without penalty.

The Plan also contains provisions for specific payments terms and interest at 16% in respect of amounts that may become payable as a result of settlement agreements or the judgement of a court relating to disputed claims as defined under the Plan.

3. ACQUISITION OF SHYMKENTNEFTEORGSYNTEZ ("SHNOS")

On March 31, 2000 the Corporation completed the ShNOS acquisition, acquiring 88.36% of the issued and outstanding common shares of ShNOS, an open joint stock company in Kazakhstan listed on the Kazakhstan Stock Exchange, for aggregate consideration of $118 million. Subsequently, the Corporation acquired a further 3.1% of the issued common shares of ShNOS for further aggregate cash consideration of $3.8 million. ShNOS is the owner and operator of an oil refinery based in Shymkent, located in South Central Kazakhstan through which the Corporation processes its crude oil.

The aggregate consideration for the acquisition consists of:

Cash consideration	48,846
Issuance of 19,430,543 common shares of the Corporation from treasury (note 12)	57,082
Issuance of 4,067,381 special warrants convertible into 4,067,381 common shares with no additional payment, on the same basis as the special warrants (note 12)	11,949
Issuance of corresponding convertible securities in quantities which allow the holder to exercise such corresponding options and warrants which Hurricane has outstanding, such that the holder may maintain its percentage ownership of the shares outstanding. The corresponding convertible securities are recorded at their fair market value (note 12)	2,910
Costs of combination	1,012
	121,799

The acquisition of ShNOS was accounted for under the purchase method with an effective date of March 31, 2000. The results of the operations of the acquired business are included in the accompanying financial statements since the date of acquisition.

Hurricane's aggregate purchase price of $121.8 million was assigned to the net assets acquired as follows:

Working capital, including cash of $12.6 million	46,176
Fixed assets	110,539
Minority interest	(13,744)
Future income tax liability	(21,172)
Aggregate consideration	121,799

Following the acquisition of ShNOS, the Corporation has made, as required by Kazakhstani law, a follow up offer to the minority shareholders of ShNOS on the same basis as the acquisition to acquire the remaining outstanding common and preferred shares. The Corporation intends to acquire all the remaining minority interest shareholding. However, under Kazakhstani law, no provisions exist to enforce the purchase.

In addition the Corporation has now assumed the rights and obligations under the ShNOS privatisation agreement, whereby the Government of Kazakhstan privatised ShNOS. Under this agreement, the Corporation is required to invest, or cause ShNOS to invest, the tenge equivalent of $150 million in capital expenditures or investments by December 31, 2001. If the capital expenditure or investment target is not met, the Corporation may be required under the terms of the agreement to pay a penalty of 15% of the shortfall to the Government of Kazakhstan.

Management believes that these commitments will be met through a combination of budgeted expenditures, reaching an agreement with the government of Kazakhstan for a time extension, or through the transfer of the obligation to other subsidiaries based in Kazakhstan.

As of December 31, 2000, ShNOS has spent approximately $87.0 million in capital expenditures, that, in the opinion of ShNOS will satisfy a portion of the commitment.

4. SEGMENTED INFORMATION

Following the acquisition of ShNOS in 2000, the Corporation became an integrated oil and gas company. All of the commercial activity of the Corporation is concentrated in the Republic of Kazakhstan in Central Asia.

On a primary basis the business segments are:

- Upstream comprising the exploration and production of crude oil resources in Kazakhstan for further sale.
- Downstream comprising the refining and marketing of crude oil into refined products for further sale.

	2000			
	Upstream	Downstream	Eliminations	Consolidated
REVENUE				
Crude Oil	316,882	185,425	(201,091)	301,216
Refined Products	-	203,728	-	203,728
Processing fees	-	12,414	(530)	11,884
Interest and other income	5,810	563	-	6,373
	322,692	402,130	(201,621)	523,201
EXPENSES				
Production	35,832	-	(530)	35,302
Royalties	33,709	-	-	33,709
Pipeline tariffs	25,152	-	-	25,152
Refining	-	12,583	-	12,583
Crude oil and refined products purchases	4,242	233,604	(189,746)	48,100
Selling	-	7,728	-	7,728
General and administrative	30,365	14,200	-	44,565
Interest expense	193	580	-	773
Depletion and depreciation	7,707	6,973	-	14,680
Foreign exchange (gain) loss	(3,152)	884	2	(2,266)
	134,048	276,552	(190,274)	220,326
	188,644	125,578	(11,347)	302,875
Unallocated amounts				
Interest and financing costs				(17,935)
Waiver fees and debt restructuring costs				(20,373)
Income before income taxes				264,567
Income tax expense				(99,657)
Minority interest				(9,980)
Net income				154,930

	2000		
	Upstream	Downstream	Consolidated
ASSETS			
Assets	258,345	152,491	410,836
Unallocated corporate assets	-	-	3,690
Consolidated total assets	258,345	152,491	414,526
LIABILITIES			
Liabilities	142,318	39,435	181,753
Unallocated corporate liabilities	-	-	24,006
Minority interest	-	-	23,724
Consolidated total liabilities	142,318	39,435	229,483

During the two years ended December 31, 1999 the Corporation's oil and natural gas exploration, development and production activities were conducted in both Canada and the Republic of Kazakhstan. The following information relates to the Corporation's operations by country:

	1999	1998
REVENUE		
Canada	287	230
Kazakhstan	154,132	173,849
Corporate	824	1,870
Total	155,243	175,949
SEGMENT OPERATING PROFIT (LOSS)		
Canada	(15)	(98)
Kazakhstan	65,602	6,223
	65,587	6,125
Administration and other expense	(18,259)	(3,827)
Interest and financing costs on long-term debt	(23,652)	(28,409)
Foreign exchange (loss) gain	(7,647)	5,426
Provision for write-downs	(545)	(12,500)
Ceiling test write-down	(2,100)	(173,437)
Unusual item - gain on disposal	12,800	-
Income taxes and government charges	(17,671)	(22,644)
NET INCOME (LOSS)	8,513	(229,266)
TOTAL ASSETS		
Canada	7,553	1,452
Kazakhstan	132,929	127,704
Corporate	955	531
Total	141,437	129,687

5. JOINT VENTURES

The Corporation has the following interests in joint ventures:

a) a 50% equity shareholding with equivalent voting power in Turgai-Petroleum JSC ("Turgai"), formerly Kumkol Lukoil JSC, which operates the northern part of the Kumkol fields in Kazakhstan.

b) a 50% equity shareholding with equivalent voting power in LLP Kazgermunai ("Kazgermunai"), which operates three oil fields in Kazakhstan: Akshabulak, Nuraly and Aksai. From November 28, 2000 Hurricane assumed a more active role in the management of Kazgermunai. As a result, the Corporation commenced to account for their interest by way of proportionate consolidation from that date.

As at November 28, 2000 the Corporation's share of the net assets of Kazgermunai was as follows:

Working capital, including cash of $16.6 million	18,171
Fixed assets	63,172
Long term debt	(81,343)
Total net assets	-

Kazgermunai is restricted from paying dividends until all outstanding loans have been repaid in full. The long term debt is non-recourse to the Corporation (as more fully disclosed in note 11).

The Corporation's interests in these joint ventures have been accounted for using the proportionate consolidation method. Under this method, the Corporation's balance sheets, statements of income and deficit and cash flows incorporate the Corporation's share of income, expenses, assets, liabilities and cash flows of these joint ventures.

The following amounts are included in the Corporation's financial statements as a result of the proportionate consolidation of its joint ventures and after consolidation eliminations:

	2000		
	Turgai Petroleum	Kazgermunai	Total
Cash	21,082	18,655	39,737
Current assets, excluding cash	3,294	8,375	11,669
Capital assets, net	8,372	62,405	70,777
Current liabilities	7,545	5,315	12,860
Long term debt	-	82,048	82,048
Revenue	33,152	3,884	37,036
Expenses	25,931	2,370	28,301
Net income	7,221	1,514	8,735
Cash flow from operating activities	21,397	2,017	23,414
Cash flow from financing activities	-	-	-
Cash flow used in investing activities	4,493	-	4,493

	1999		
	Turgai Petroleum	Kazgermunai	Total
Cash	4,178	-	4,178
Current assets, excluding cash	967	-	967
Capital assets, net	4,808	-	4,808
Current liabilities	4,019	-	4,019
Long term debt	-	-	-
Revenue	23,814	-	23,814
Expenses	11,741	-	11,741
Net income	12,073	-	12,073
Cash flow from operating activities	9,840	-	9,840
Cash flow from financing activities	-	-	-
Cash flow used in investing activities	5,666	-	5,666

6. DUE FROM JOINT VENTURE

In December 1999, the Corporation finalized the terms of arrangements made earlier to lease and subsequently transfer the title to certain capital assets to Turgai-Petroleum JSC, formerly Kumkol Lukoil JSC, for total consideration of $25.6 million payable by Turgai to the Corporation. The Corporation received payment of $10.5 million in December 1999 and the balance of $15.1 million in 2000.

The receivable balance of $15.1 million as of December 31, 1999 is shown in the consolidated balance sheet of the Corporation at 50% of this amount, or $7.6 million, because the accounts of Turgai, the joint venture, are proportionately consolidated with those of the Corporation. The result of the proportionate consolidation is to eliminate 50% of the impact of the transaction. As the assets, which are effectively disposed of to the joint venture, were carried on the books of the Corporation at nominal values, the Corporation has realized a gain of $25.6 million, one half of which is eliminated on proportionate consolidation of the joint venture. The remaining gain of $12.8 million is reflected as an unusual item in the Statement of Income for the year ended December 31, 1999.

7. INVENTORY

Inventory consists of the following:

	As at December 31st	
	2000	1999
Refined products finished goods	**2,226**	-
Refined products work in process	**7,762**	-
Crude oil	**1,043**	951
Raw materials and supplies	**9,777**	4,180
	20,808	5,131

8. LONG-TERM AMOUNTS RECEIVABLE

Long-term amounts receivable includes the following:

	As at December 31st	
	2000	1999
Due from joint venture	-	921
Advances to officers and directors	-	472
	-	1,393

9. CAPITAL ASSETS

	As at December 31, 2000		
	Cost	Accumulated Depletion and Depreciation	Net Book Value
Oil and gas properties and equipment	378,095	252,970	125,125
Refining	114,311	6,973	107,338
	492,406	259,943	232,463
Other capital assets	34,228	2,225	32,003
	526,634	262,168	264,466

	As at December 31, 1999		
	Cost	Accumulated Depletion and Depreciation	Net Book Value
Oil and gas properties and equipment	306,816	250,282	56,534
Other capital assets	31,648	627	31,021
	338,464	250,909	87,555

Excluded from the depletable base of oil and gas properties are undeveloped properties of $32.3 million (December 31, 1999 - $50.6 million).

Construction in progress of $25.8 million (December 31, 1999 - $24.6 million) included in other capital assets is not depreciated.

10. DEBT AND ACCRUED INTEREST

Debt and accrued interest includes the following:

	As at December 31st	
	2000	1999
Canadian Notes	9,891	76,214
U.S. Notes	14,115	105,000
Accrued interest and penalties	-	17,357
	24,006	198,571

Canadian Notes

On March 26, 1997, Hurricane issued C$110 million ($80 million) of Special Warrants under a Special Warrant Indenture (the "Indenture"), dated March 26, 1997. Under the terms of the Indenture, each Special Warrant was exercisable by the holder thereof, at no additional cost, into one unit, with each unit comprised of one $1,000 principal amount Note and 45 Series 5 Warrants. In accordance with generally accepted accounting principles for compound financial instruments, C$107,525,000 ($78,245,525) was ascribed to long-term debt and the remaining C$2,475,000 ($1,801,048) to share capital. As of July 27, 1997, all of the Special Warrants were exercised or were deemed to have been exercised. As a result, Hurricane issued C$110 million of 11% senior unsecured notes due 2002 (the "Canadian Notes") under the Indenture.

The Canadian Notes were to mature on March 27, 2002 and all outstanding principal would have been payable on maturity. Interest on the Canadian Notes accrued at the rate of 11% per annum and was payable on June 1 and December 1 in each year through 2001, commencing June 1, 1997, with the final interest payment on March 26, 2002.

The Canadian Notes are general unsecured obligations of Hurricane and rank equally in right of payment to all existing and future unsecured debt of Hurricane not subordinated by its express terms. The Canadian Notes rank senior in right of payment to any and all existing and future subordinated debt of Hurricane. The Canadian Notes were not callable or otherwise redeemable at the option of the Corporation at any time prior to their stated maturity date.

The Canadian Notes contained certain covenants which restricted the Corporation's activities, including limitation of indebtedness, dividends, restricted payments, sale of assets, liens and related party transactions.

U.S. Notes

On November 7,1997, Hurricane issued $105 million of 11 3/4% senior unsecured notes due 2004 (the "U.S. Notes"). The U.S. Notes were to mature on November 1, 2004 and all outstanding principal would have been repayable on maturity.

Interest on the U.S. Notes accrued at the rate of 11 3/4% per annum and was payable on May 1 and November 1 of each year, commencing May 1, 1998.

The U.S. Notes are general unsecured obligations of Hurricane and rank equally in right of payment with all existing and future unsecured debt of Hurricane which is not subordinated by its express terms. The U.S. Notes ranked senior in right of payment to any and all existing and future unsecured subordinated debt of Hurricane.

The U.S. Notes contain certain covenants which restrict the Corporation's activities, including limitation of indebtedness, dividends, restricted payments, sales of assets, liens and related party transactions.

CCAA Plan

Pursuant to the Companies' Creditors Arrangement Act Plan (CCAA Plan) implemented on March 31, 2000, the terms of the Notes were amended as detailed in note 2. The remaining principal amounts owing under the notes are due as follows:

	Canadian Notes	U.S. Notes	Total
September 30, 2001	1,649	2,157	3,806
December 31, 2001	8,242	11,958	20,200
	9,891	14,115	24,006

Hurricane is entitled, at its option to repay at any time, and from time to time, any amounts of principal indebtedness of the Notes sooner than is provided for in the CCAA Plan without any interest penalty, provided that such repayment is made on a pro rata basis between the U.S. and Canadian Notes.

11. LONG TERM DEBT

Long term debt relates solely to debt owed by Kazgermunai and is non-recourse to the Corporation. The amounts included below represent 50% of the total debt, which has been included in the financial statements on a proportionate consolidation basis (see Note 5).

	2000	1999
Kazgermunai Senior Debt	50,167	-
Kazgermunai Subordinated Debt	21,196	-
Loan from Government of Kazakhstan	10,685	-
	82,048	-

Kazgermunai Senior Debt

The senior debt bears interest at LIBOR plus 3% and is unsecured. Accrued interest is added to the principal on a semi-annual basis.

Kazgermunai Subordinated Debt

The subordinated debt bears interest at LIBOR plus 3% and is unsecured. Accrued interest is added to the principal on a semi-annual basis. Repayment of the debt will begin after full repayment of the senior partner debt.

Loan from Government of Kazakhstan

The loan from the Government of Kazakhstan relates to exploration and development work performed by Yuzneftegas, a state owned enterprise that was purchased by Hurricane Kumkol Munai in 1996, on the Akshabulak, Nuraly and Aksai fields prior to the formation of Kazgermunai. The loan bears interest at LIBOR plus 3% and is unsecured. Accrued interest is added to the principal on a semi-annual basis. Repayment of the debt will begin after full repayment of the senior debt.

Kazgermunai is restricted from paying dividends until all outstanding loans have been repaid in full.

12. SHARE CAPITAL

(a) Authorized share capital consists of an unlimited number of no par value Class A common shares, and an unlimited number of no par value Class B redeemable preferred shares, issuable in series.

(b) Issued Class A common shares:

	December 31, 2000		December 31,1999	
	Number	Amount	Number	Amount
Balance, beginning of year	44,512,359	105,245	44,512,359	105,245
Stock options exercised for cash	1,771,900	2,256	-	-
Shares issued for ShNOS acquisition (note 3)	19,430,543	57,082	-	-
Special Warrants issued and converted on ShNOS acquisition (e)	4,067,381	11,949	-	-
Corresponding convertible securities, converted (f)	675,710	872	-	-
Special Warrants issued for cash and converted (d)	9,346,000	25,082	-	-
Corresponding convertible securities	-	2,910	-	-
Series 5 warrants converted (c)	4,780	20	-	-
Less costs of issue	-	(1,486)	-	-
Balance, end of year	79,808,673	203,930	44,512,359	105,245

(c) On March 26, 1997, the Corporation issued 110,000 Special Warrants (see Note 10). Each Special Warrant was exercisable, partially into 45 Series 5 Warrants. As described in Note 10, C$2.5 million ($1.8 million) of the proceeds were allocated to the Series 5 Warrants. Each Series 5 Warrant entitles the holder to purchase one common share of the Corporation at a price of C$6.25 until March 26, 2002. If after March 26, 2000, the current market price of the common shares of the Corporation is greater than C$12.50, the Corporation has the right to accelerate the expiry date to 20 days after the date the Corporation gives the required notice to the holders of Series 5 Warrants. The Special Warrants were deemed to be exercised 5 days after a receipt was issued for the prospectus which was dated July 21,1997; accordingly, 4,950,000 Series 5 Warrants were issued. All 4,950,000 Series 5 warrants were outstanding at December 31, 1999 and 4,780 warrants were excercised during the period ended December 31, 2000. 4,945,220 shares have been reserved for issuance upon the potential exercise of these warrants.

(d) On March 7, 2000, the Corporation completed a private placement of 9,346,000 Special Warrants at a price of C$36 million (equivalent $25 million). Each Special Warrant entitled the holder thereof to acquire, at no additional cost, one Common Share of the Corporation until five days after receipt was issued for the prospectus which was dated July 6, 2000. All of the Special Warrants were exercised before the expiry date.

(e) On March 31, 2000, in connection with the acquisition of ShNOS, the Corporation issued 4,067,381 Corresponding Special Warrants which enabled the holder to acquire, at no additional cost, one common share of the Corporation under the same terms as the Special Warrants discussed in (d) above. All of the

Corresponding Special Warrants were exercised before the expiry date.

(f) On March 31, 2000, also in connection with the acquisition of ShNOS, the Corporation issued Corresponding Convertible Securities as follows:

i. Options to purchase 1,105,753 Common Shares of the Corporation at prices and terms which are identical to those options outstanding at March 31, 2000, but in each case the number of options equals 41.16% of the outstanding options.

ii. Warrants to purchase 2,037,420 Common Shares of the Corporation at C$6.25 per share under the same terms as the Series 5 Warrants which were outstanding at March 31, 2000. As at December 31, 2000, 2,035,453 of these warrants are outstanding.

(g) A summary of the status of the Corporation's stock option plan as of December 31, 2000 and the changes during the years ended December 31 is presented below (expressed in Canadian dollars):

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 1998	2,891,500	6.96
Granted	1,795,000	1.06
Exercised	-	-
Cancelled	(1,825,000)	7.47
Outstanding at December 31, 1999	2,861,500	2.94
Granted	3,990,000	3.31
Granted under corresponding securities arrangement	1,105,763	2.16
Exercised	(2,447,610)	1.29
Cancelled	(823,948)	3.77
Outstanding at December 31, 2000	4,685,705	3.15

Weighted Average Contractual Remaining Life of Options

Range of Exercise Price	Number Outstanding at December 31 2000	Weighted 2000 Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable At December 31 2000	Weighted Average Exercise Price
$0.50 to $3.99	4,038,965	4.03 years	2.77	158,212	1.26
$4.00 to $4.99	260,870	2.71 years	4.40	96,464	4.27
$5.00 to $10.00	385,870	3.98 years	5.96	63,522	6.67
$0.50 to $10.00	4,685,705	3.95 years	3.12	318,198	3.25

13. INCOME TAXES AND GOVERNMENT CHARGES

The Corporation and its subsidiaries are required to file tax returns in each of the jurisdictions in which they operate. The prime operating jurisdictions are Canada and Kazakhstan.

The provision for income taxes differs from the results which would have been obtained by applying the combined Canadian Federal and Provincial income tax rate to Hurricane's income before income taxes. This difference results from the following items:

	As at December 31		
	2000	1999	1998
Effective combined Canadian federal and Provincial income tax rate	**44.6%**	44.6%	44.6%
Expected tax expense	**117,997**	11,678	(92,153)
Non-deductible amounts, net	**17,404**	(215)	12,485
Lower foreign tax rates	**(38,627)**	(10,987)	(1,980)
Future income tax benefit not recognized	**2,883**	17,195	104,292
Income tax expense	**99,657**	17,671	22,644

The following are the major future income tax assets and liabilities arising from temporary differences between the carrying values and tax bases of the following assets and liabilities:

As at December 31, 2000	
Future income tax assets:	
Fixed assets	**12,692**
Provision for doubtful debts	**5,704**
Provision for obsolete inventories	**1,832**
Provision for inter-company profit elimination	**3,403**
Other	**379**
	24,010
Future income tax liabilities:	
Fixed assets	**25,002**
Other	**73**
	25,075

There were no future income tax assets or liabilities as at December 31, 1999.

The Corporation's principal subsidiaries, Hurricane Kumkol Munai and ShNOS, and the Corporation's other subsidiaries and joint ventures operating in Kazakhstan are separate taxpayers under Kazakhstani tax legislation.

Taxes are payable in Kazakhstan based on financial statements prepared in accordance with the laws of Kazakhstan rather than financial statements prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. The majority of the differences between the two sets of financial statements are temporary differences where an expense or revenue item is recorded for Canadian GAAP purposes in a different period than allowed under Kazakhstani law. The provision for Kazakhstani income taxes has been calculated by applying the Kazakhstani statutory tax rate of 30% to the income of Hurricane's Kazakhstan subsidiaries. For 1999, other companies have tax deductions available in excess of accounting deductions, the benefits of which have not been recognized.

14. COMMITMENTS AND CONTINGENCIES

Kazakhstani Environment

Kazakhstan, as an emerging market, has a business infrastructure that is not as advanced as those usually existing in more developed free market economies. As a result, operations carried out in Kazakhstan can involve risks that are not typically associated with those in developed markets.

Government Taxes and Legislation

The local and national tax environment in the Republic of Kazakhstan is subject to change and inconsistent application, interpretation and enforcement. Non-compliance with Kazakhstan laws and regulations can lead to the imposition of penalties and interest.

During the year ended December 31, 2000, the Corporation was subjected to a number of detailed investigations by the tax authorities, which resulted in assessments of further taxes and penalties totalling $19.5 million. The Corporation has provided for $2.5 million in the financial statements. The Corporation disputes the remaining assessments and believes it is fully in compliance with current tax laws and regulations. Accordingly, no provision has been made in the financial statements.

Production Licenses

The Corporation has a 50% interest in the Kumkol North field through a joint venture with OJSC Oil Company LUKoil, a Russian oil company ("LUKoil"). The joint venture, Turgai Petroleum (Turgai), is the operator of the Kumkol North field. Turgai, under the exploration and production license dated December 20, 1995 (the "Kumkol North License") for the Kumkol North producing oil field, has committed to invest 5.3 billion tenge, 5.4 billion tenge, 2.6 billion tenge and 2.5 billion tenge in 1996, 1997, 1998 and 1999, respectively, which, at the exchange rate in effect at December 31, 1995, would be approximately $82.0 million, $84.8 million, $41.1 million and $38.8 million, respectively.

Turgai did not satisfy this commitment in 1996, 1997, 1998 or 1999. There can be no assurance that the Government of Kazakhstan will waive the breach of the capital investment commitments under such license. The failure to satisfy the capital investment commitments with respect to the Kumkol North producing oil field may result in the cancellation of the Kumkol North License. However, the Central Commission on developing oil and gas fields under the Ministry of Energy, Industry & Economy approved a new project for the development of the Kumkol oilfield dated June 24, 1999 providing for reduced capital expenditures which Turgai anticipated to meet or exceed and to date, the Corporation has received no notice from the Government of Kazakhstan of its intent to terminate the Kumkol North License. The Kumkol North producing oil field represents approximately 29% of the Corporation's net proved reserves. Under the Share Sale-Purchase Agreement, HKM has the right to have the license for the Kumkol North producing oil field reissued to HKM in the event of the cancellation of the existing Kumkol North License.

Capital Expenditures Commitment

Pursuant to the Share Sale-Purchase Agreement with the Republic of Kazakhstan, a commitment was made to invest, in Kazakhstan, an aggregate of $280 million in capital expenditures, investments or other items which may be treated as capital assets of HKM on or before December 31, 2002. These expenditures will be used to further exploit and develop existing fields and to explore for new additional reserves to enhance future production and revenues. If the required investment is not made within the agreed time period, Hurricane may be required under the terms of the Agreement to pay a penalty of 15% of the amount not invested. As at December 31, 2000, approximately $207 million (December 31, 1999, $192.6 million) of expenditures have been made towards satisfying this commitment. Hurricane anticipates that it will meet or exceed its capital commitment within the agreed time period.

For ShNOS capital commitments see note 3.

Lawsuits

The Corporation has been named as defendant in a lawsuit filed by a Corporation claiming it was retained under a Consulting Contract since January 17, 1997 until services were suspended in May, 1999.

The liquidated principal amount being claimed is, in aggregate, $6.6 million plus unspecified damages and an additional unspecified amount is being claimed as an alleged penalty provision, with the total claim not to exceed $35 million. The Corporation believes this lawsuit is without merit and, accordingly, no amount has been recorded in the consolidated financial statements at December 31, 2000.

The Corporation has been named as defendant in a lawsuit filed by a Corporation claiming breach of a consulting contract, in aggregate of $4.7 million. The Corporation believes this lawsuit is without merit and, accordingly, no amount has been recorded in the consolidated financial statements at December 31, 2000.

The Corporation has been named as defendant in a lawsuit filed by a Corporation claiming, in aggregate $2.4 million. The Corporation believes this lawsuit is without merit and, accordingly, no amount has been recorded in the consolidated financial statements at December 31, 2000.

Excess Profit Tax

The Corporation through its subsidiary HKM, is subject to excess profit tax under the terms of the Hydrocarbon Exploration and Production contracts it has for oil and gas production. The contracts are specific to each field.

The excess profit tax is in addition to statutory income taxes which are at a rate of 30% and the excess profit tax takes effect after the field has achieved a cumulative internal rate of return higher than 20% for the specific field. The excess profit tax ranges from 4% to 30% of taxable income for the year, for cumulative internal rates of return from 20% to 30%. When the cumulative internal rate of return exceeds 30%, the excess profit tax remains at 30%. The Corporation may be subject to excess profit tax for the year ended December 31, 2001 in certain of its fields.

Environmental matters

The Corporation believes it is currently in compliance with all existing Republic of Kazakhstan environmental laws and regulations. However, Kazakhstan environmental laws and regulations or the interpretation thereof may change in the future.

15. NET INCOME PER SHARE

The income per share calculations are based on the weighted average and diluted numbers of Class A common shares outstanding during the period as follows:

	2000	1999	1998
Weighted average number of common shares outstanding	**70,590,314**	44,512,359	44,242,138
Fully diluted number of shares outstanding	**82,304,045**	44,512,359	44,242,138

16. CASH FLOW INFORMATION

Interest and income taxes paid:

		As at December 31	
	2000	1999	1998
Interest paid	**$ 35,366**	$ 9,367	$ 20,436
Income taxes paid	**$ 81,082**	$ 6,772	$ 12,713

Changes in non-cash operating working capital items include:

	As at December 31		
	2000	1999	1998
(Increase)/decrease in accounts receivable	$ (30,414)	$ 27,638	$ (2,992)
Decrease/(increase) in receivable from joint venture	7,554	(7,554)	-
(Increase)/decrease in inventory	(15,677)	10,821	3,666
(Increase)/decrease in prepaid expenses	(7,381)	(99)	629
Decrease in short term investments	-	-	77,262
Increase/(decrease) in accounts payable and accrued liabilities	10,769	(4,244)	23,441
Increase in short term loans	1,000	-	-
Increase/(decrease) in prepayments for crude oil and refined products	11,974	(975)	(10,600)
Increase in taxes payable and accrued	19,626	2,885	(3,872)
SHNOS working capital acquired, excluding cash (note 3)	33,548	-	-
Kazgermunai working capital acquired on proportionate consolidation, excluding cash (note 5)	1,533	-	-
	$ 32,532	$ 28,472	$ 87,534

17. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2000 the Corporation purchased 3,543,758 barrels of crude oil from JSC Turgai Petroleum for $35.1 million, out of which 50%, being $17.5 million was eliminated on consolidation of the Corporation's 50% joint venture interest. The remaining 50% remains in cost of purchased crude oil.

18. SUBSEQUENT EVENTS

Redemption of warrants

The Corporation has reached an agreement with a 67% majority Series 5 Warrant holder to redeem all outstanding Series 5 Warrants at C$2.90 per warrant on or before February 23, 2001.

This will also trigger the redemption, at the same price, of the currently outstanding equivalent convertible securities.

Warrant holders continue to be entitled, prior to the redemption date, to exercise their rights pursuant to the terms of the warrants to acquire Hurricane common shares at the exercise price of C$6.25 per common share instead of having their warrants redeemed.

The Corporation has 4,945,220 warrants and 2,035,453 equivalent convertible securities outstanding as at December 31, 2000. The total cost of this transaction is estimated to be C$20.3 million assuming all outstanding warrants and convertible securities are redeemed.

19. COMPARATIVE FIGURES

The presentation of certain accounts for previous years has been changed to conform with the presentation adopted for the current year.

Historical Financial Data (unaudited)

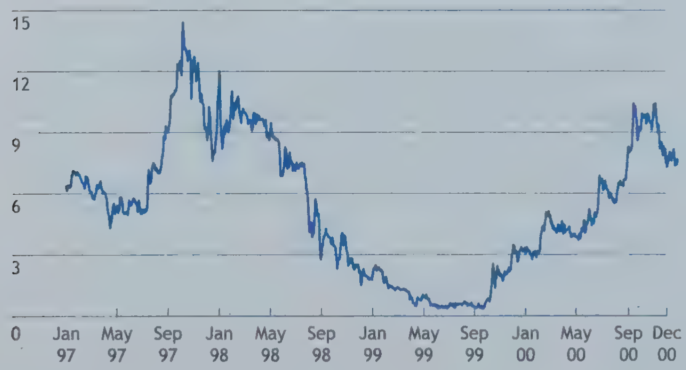
Year Ended December 31, 2000

(in US Dollars)

	2000	1999	1998	1997	1997
INCOME (millions of dollars)					
Revenue	523.2	155.2	175.9	94.8	85.2
Expenses	(223.5)	(136.8)	(153.9)	(56.0)	(45.7)
Depletion and Depreciation	(14.7)	(2.9)	(55.3)	(15.9)	(17.0)
Ceiling test write-downs	-	(2.1)	(173.4)	-	-
Taxes	(99.7)	(17.7)	(22.6)	(7.1)	(10.0)
Unusual Extraordinary Items	(20.4)	12.8	-	-	-
Minority Interest	(10.0)	-	-	-	-
Earnings (Loss)	154.9	8.5	(229.3)	15.8	12.5
CASH FLOW					
(millions of dollars)					
Cash flow	179.4	17.0	0.6	32.0	30.2
Shares and Warrants Issued	26.7	-	2.3	0.3	90.6
Long-term debt issued	-	-	-	100.6	76.1
Capital Expenditures (net)	17.0	15.2	113.0	47.3	27.9
Acquisitions	37.2	-	-	-	124.7
BALANCE SHEET					
(millions of dollars)					
Capital Assets	264.5	87.6	76.8	178.8	147.2
Long-term Debt	82.0	-	-	180.5	78.0
Net Debt (1)	47.8	167.8	178.1	154.9	56.0
Shareholders' Equity	185.0	(87.6)	(96.0)	130.9	114.9
STATISTICS					
Average Shares Outstanding (millions)	70.59	44.51	44.24	42.83	31.80
Per Share					
- Earnings	$ 2.19	$ 0.19	$ (5.18)	$0.37	$ 0.39
- Cash flow	$ 2.54	$ 0.38	$ 0.01	$0.75	$ 0.95
Market Price for shares					
Toronto (C$) - High	11.25	3.65	12.00	14.40	7.10
- Low	2.70	0.25	1.40	5.05	4.30
- Close	7.65	3.30	1.76	11.10	5.00
United States (US$) - High	7.50	2.50	8.66	10.52	5.35
- Low	1.06	0.06	0.84	3.67	3.78
- Close	5.08	2.23	1.16	7.80	3.34

SHARE PRICE PERFORMANCE

Daily Closing Prices (in C$/share)



Year end Shares O/S

(as of Dec 31, 2000, in millions)

- Basic	79.81
- Fully Diluted	91.49

(1) Net debt = total borrowings less cash

Bernard F. Isautier

Director, Chairman of the Board, President and Chief Executive Officer

Bernard F. Isautier was appointed Chief Executive Officer of Hurricane Hydrocarbons on September 28, 1999 and Chairman of the Board and President on October 18, 1999. He has been a director of Hurricane since March 19, 1996. He has a degree in Mathematics and Physics from the Polytechnique School of Paris, an Engineering degree from the Mining School of Paris and a Masters of Business Administration from the Institute of Political Sciences in Paris.

Mr. Isautier is currently a director of a number of companies including Lafarge SA and Firan Corporation. From 1993 to 1995, he was President and Chief Executive Officer of Canadian Occidental Petroleum Ltd., and from 1990 to 1992, he was Chairman and Chief Executive Officer of Thomson Consumer Electronics Company, a French electronics company.

Prior to 1990, Mr. Isautier served as President and Chief Executive Officer of Polysar Energy and Chemicals Corp. in Toronto, Canterra Energy Ltd. and Aquitaine of Canada in Calgary. Early in his career, Mr. Isautier served as an advisor to the French Minister of Energy and Industry and as an advisor on uranium development to the President of the Republic of Niger. Mr. Isautier is a citizen of Canada and France.

Askar Alshinbaev

Director

Askar Alshinbayev became a director of Hurricane on April 3, 2000. He is currently Managing Director of OJSC Kazkommertsbank, the largest private bank in Kazakhstan.

Mr. Alshinbaev holds a degree in Computer Control Systems from the Kazakh Polytechnic Institute in Almaty, Kazakhstan and attended the Institute of Economy, Academy of Science of Russia in Moscow, Russia.

He has been with the OJSC Kazkommertsbank for the last six years. Prior to the Kazkommertsbank, he was Managing Director of a private company in Kazakhstan called Asar and worked in a technical capacity with the Kazakh Polytechnic Institute.

James B. C. Doak

Director

James B.C. Doak became a director of Hurricane on March 29, 2000. He is currently President and Managing Director of Enterprise Capital Management Inc., a Toronto based investment company which runs the Enterprise Fund, a large Canadian hedge fund. He has a degree in Economics from the University of Toronto and is a Chartered Financial Analyst.

Mr. Doak is a Past President and Director of the Toronto Society of Financial Analysts. He is a director of Superior Propane Inc. and Spar Aerospace Inc. Mr. Doak is active in a number of community associations and established the Robert J. Salter Fellowship at the Toronto Hospital for Sick Children. He published a number of columns in two Canadian financial publications.

Prior to joining Hurricane he held key officer positions at ScotiaMcLeod Inc., First Marathon Securities Ltd. and McLeod Young Weir Ltd. over the period 1979 to 1997.

The Honourable Robert P. Kaplan, P.C., Q.C., LL.B.

Director

The Honourable Robert Kaplan was appointed as a director of Hurricane on April 3, 1995, Chairman of the Board on October 15, 1998 and resigned his chairmanship to Bernard Isautier on October 18, 1999.

Mr. Kaplan holds a Bachelor of Arts with Honours degree in Sociology (Criminology) and a Bachelor of Laws degree from the University of Toronto, Ontario. After practicing law in Toronto, he served as a Federal Member of Parliament from 1968 until 1993 when he retired as one of the senior members of the House of Commons. During his term, he served in two Liberal Cabinets as the Solicitor General of Canada responsible for law enforcement and national security. He has chaired both the Commons Finance Committee and Justice Committee, and served as Energy Critic for the Official Opposition. He has represented Canada at the Law of the Seas Conference and at the United Nations General Assembly.

Since retirement from political life, Mr. Kaplan has been active in the area of trade and project management between Canada and a number of countries in the former Soviet Union. In recognition for his work in Kazakhstan, he was appointed as the Honorary Consul General for Canada for the Republic of Kazakhstan. He serves on the Board of Directors of other public companies.

Louis W. MacEachern

Director

Louis MacEachern has been a director of Hurricane since 1989. He is the sole owner of Fortune Industries Ltd., a business management consulting firm of which he holds the majority shares in the Servpro/Dalco Group of companies, of which he is also Chairman. This group is involved in cleaning, salvage, construction and real estate.

In addition Mr. MacEachern is a director of Resolution Energy Ltd., Eagle Plains Resources Ltd., Hoodoo Hydrocarbons Ltd., all of which are oil and gas exploration and development companies. Mr. MacEachern is also active as a director of various community associations including the Calgary Chamber of Commerce, The Calgary Foundation, The Duke of Edinburgh Awards which helps youths 16 to 24 years of age create positive futures and the Salvation Army.

Nurzhan S. Subkhanberdin

Director

Nurzhan S. Subkhanberdin became a director of Hurricane on April 3, 2000. He is currently Chairman of the board of OJSC Kazkommertsbank, the largest private bank in Kazakhstan.

Mr. Subkherberdin holds a degree in Economics from the Moscow State University in Russia and attended the Institute of Economy, Academy of Science of Kazakhstan in Almaty, Kazakhstan.

He has been with the OJSC Kazkommertsbank for the last ten years. Prior to the Kazkommertsbank, he was Director of Lending and Marketing at the Medeo Bank, the predecessor of the Kazkommertsbank.

Mike Azancot

Senior Vice President, Exploration and Production

Mike Azancot was appointed Senior Vice President, Exploration and Production of Hurricane Hydrocarbons Ltd. on February 20, 2000. He holds a Bachelor of Science in Mechanical Engineering and a Master's Degree in Petroleum Engineering from Heriot Watt University, Edinburgh, United Kingdom. He has 23 years of experience in the Oil and Gas Industry including International Exploration and Production.

Prior to joining Hurricane he held key positions with Occidental Petroleum in the UK and China and with Lasmo plc in Indonesia and the UK where he was General Manager for Production and Operations of their European and North African assets.

Christian B. Cleret

Senior Vice President, Refining, Marketing and Trading

Christian Cleret was appointed Senior Vice President, Refining, Marketing and Trading of Hurricane Hydrocarbons Ltd. on September 19, 2000. He holds degrees in Advanced Studies in Chemical Engineering and Refining (French Institute of Petroleum), and in Management, Business and IT (Ecole des Mines, France). He has 24 years of experience in the Oil and Gas Industry including international experience in Operations, Refining, Marketing and Trading.

Prior to joining Hurricane he held key positions with Elf Aquitaine. From 1992 to 2000, he was Managing Director of Elf Oil UK Ltd, the Refining/Marketing/Trading arm of Elf in the UK. From 1991 to 1992 he held the position of Chairman and CEO of a group of subsidiaries of Elf Aquitaine in France. Prior to 1991 Mr. Cleret held various senior management positions within Elf Aquitaine.

Mr. Cleret was Chairman of the UK Petroleum Industry Association from 1998 to 2000. He is a Council member of the Institute of Petroleum in the UK and of the French Chamber of Commerce in London.

Keith G. Lough

Senior Vice President Finance and Chief Financial Officer

Keith Lough was appointed Senior Vice President Finance and Chief Financial Officer of Hurricane Hydrocarbons Ltd. on July 6, 2000. He holds a Masters in Finance from the London Business School, an M.A. in Economics from the University of Edinburgh, and is a Fellow of the UK Chartered Association of Certified Accountants. He has 19 years of experience in the Oil and Gas Industry both in finance and business leadership.

Prior to joining Hurricane he spent 6 years with British Gas, 2 years with Veba Oil and Gas and 11 years with Lasmo plc, most recently in the position of Managing Director, Europe and North Africa.

Anthony Peart

Vice President, General Counsel and Corporate Secretary

Tony Peart was appointed Vice President, General Counsel and Corporate Secretary of Hurricane Hydrocarbons Ltd. on December 1, 2000. He is an Attorney with degrees in Law and Arts from the University of Witwatersrand in South Africa. He also holds a Post Graduate Diploma in Business Administration from the University of Ghent Business School in Belgium and has completed the Program for Management Development at the Harvard Business School. He has 23 years of experience in the Oil and Gas Industry in management, legal and corporate affairs.

Prior to joining Hurricane he was most recently Managing Director of Bula Resources (Holdings) plc, an oil company listed on the London and Dublin Stock Exchanges. He was previously Managing Director of MMS Petroleum plc, a UK junior oil company, and prior to that Mr. Peart held various management positions at Lasmo plc, Ultramar Exploration Ltd. and Veba Oil and Gas in the United Kingdom.

Ihor P. Wasylkiw

Vice President Investor Relations

Ihor P. Wasylkiw was appointed Vice-President Investor Relations of Hurricane Hydrocarbons Ltd. on March 29, 2000. For the two years prior to this appointment Mr. Wasylkiw held the position of Director Investor Relations at Hurricane.

Mr. Wasylkiw holds a Bachelor of Science in Mechanical Engineering from the University of Manitoba. From 1979 to 1992, Mr. Wasylkiw worked for Shell Canada Limited in various technical and managerial positions. In 1992, he joined Total Gestion Internationale in Paris, France and worked in the former CIS for a number of years in an executive position. Upon his return to Canada, Mr. Wasylkiw spent 4 years in the investment sector, 2 of those years being with Research Capital Corp. as a Senior Oil and Gas Analyst.

Mr. Wasylkiw is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta and the Canadian Investor Relations Institute. He has been the recipient of the Canadian Petroleum Association Distinguished Service Award.

Statement of Corporate Governance Practices

In February, 1995, The Toronto Stock Exchange Committee on Corporate Governance in Canada issued a report (the "TSE Report") which included proposed guidelines for effective corporate governance. These guidelines, which are not mandatory, deal with the constitution of boards of directors and board committees, their functions, their independence from management and other means of addressing corporate governance practices. The TSE has, in accordance with the recommendation contained in the TSE Report, imposed a disclosure requirement on every TSE listed company incorporated in Canada to disclose on an annual basis its approach to corporate governance with reference to the guidelines set out in the TSE Report. Hurricane and its Board are committed to ensuring that Hurricane and its directors not only comply at all times with their legal duties to the Corporation=s shareholders (and, where applicable, other stakeholders) but also that the Corporation establish and maintain corporate governance policies and procedures that (i) satisfy the expectations of its shareholders and the investing public, and (ii) are responsive to the unique challenges facing Hurricane and the environment in which it carries on business. In this context, corporate governance is generally considered to mean the process and structure used to (i) direct and manage the business and affairs of the Corporation, and (ii) define the division of power and achieve accountability among shareholders, the Board and management of the Corporation. The Board and senior management of the Corporation consider good corporate governance to be central to the effective and efficient operation of the Corporation. Listed below are the 14 guidelines proposed by the TSE Report and a brief discussion of the Corporation's compliance with each guideline.

1. The board of directors should explicitly assume responsibility for stewardship of the Corporation, and specifically for: (a) adoption of a strategic planning process, (b) identification of principal risks and ensuring the implementation of appropriate systems to manage these risks, (c) succession planning, including appointing, training and monitoring senior management, (d) communications policy for the Corporation, and (e) integrity of Corporation's internal control and management information systems.

   The Board has implicitly and explicitly acknowledged its responsibility for the stewardship of the Corporation:

(a) As part of the Board's responsibility for the strategic planning process of the Corporation, the Board establishes the goals of the business of the Corporation with the input of management and strategies and policies within which the Corporation is managed. Management is required to seek approval of the Board for material deviations, financial or otherwise, from the approved business goals, strategies and policies.

(b) The Board identifies the principal risks to the Corporation's business and oversees the implementation of systems to manage those risks.

(c) The Corporation has not as yet developed a formal succession plan, however, the Board takes responsibility for the appointment, appraisal and monitoring of the Corporation's senior management. The Corporation's policy is to attract management personnel whose prior experience results in them having been well trained for their responsibilities with the Corporation. The Board encourages senior management to participate in appropriate professional and personal development activities, courses and programs, and supports management's commitment to the training and development of all permanent employees.

(d) The Board oversees the policy of communications by the Corporation with its shareholders and, in conjunction with management, continues to review the methods by which the Corporation communicates with its shareholders, regulatory bodies, governments, media and the public.

(e) The Board, directly, through the Audit Committee and through the external auditors, assesses the integrity of the Corporation's internal control and management information systems.

2. Majority of directors should be "unrelated" (free from conflicting interest).

   The TSE Report provides that the term "unrelated director" means a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interest and relationships arising from shareholdings. The Board consists of six members, four of whom are unrelated directors and two of whom are related directors.

3. Disclose for each director whether he or she is related, and how that conclusion was reached.

   The current Board of Directors is comprised of six members. As an officer of the Corporation, Bernard F. Isautier is a related director. The Honourable Robert P. Kaplan, as a paid consultant to the Corporation may be considered a related director. The remaining directors, Louis W. MacEachern, James B.C. Doak, Askar Alshinbaev and Nurzhan S. Subkhanberdin are unrelated directors.

4. Appointment of a committee responsible for appointment/assessment of directors and that is comprised exclusively of outside (i.e., non-management) directors, a majority of whom are unrelated directors.

   The Corporate Governance Committee of the Board, which is comprised entirely of outside and unrelated directors, has been given the responsibility of assessing the effectiveness of the Board and its individual members as well as the committees of the Board. In addition, the Corporate Governance Committee has responsibility for identifying prospective nominees for the Board and recommending them to the Board as well as for establishing criteria for Board membership and retirement therefrom.

5. Implement a process for assessing the effectiveness of the Board as a whole and its committees and individual directors.

   The Corporate Governance Committee of the Board assesses, at least annually, the effectiveness of the Board and its individual members as well as the committees of the Board.

6. Provide orientation and education programs for new directors.

   As new directors assume office, the Corporation provides a full orientation for them.

7. Consider the size of the Board of Directors and the impact of the number on the Board's effectiveness.

   The Board consists of six directors. The Board has concluded that the proposed composition and number of directors is appropriate for the size and complexity of the Corporation.

8. The Board should review the adequacy and form of the compensation of directors to ensure compensation realistically reflects responsibilities and risks involved.

   The Compensation Committee, which is comprised entirely of outside and unrelated directors, regularly reviews the adequacy and form of compensation of directors of the Corporation with a view to ensuring that compensation realistically reflects the responsibilities and risks involved.

9. Committees of the Board should generally be composed of outside directors, a majority of whom are unrelated, although some committees, such as the executive committee, may include one or more inside directors.

   The Board has established three committees: the Audit Committee, the Compensation Committee and the Corporate Governance Committee. All committees are comprised of outside directors, a majority of whom are unrelated directors.

10. The Board should expressly assume responsibility for, or assign to a committee of directors, the general responsibility for developing the Corporation's approach to governance issues.

    The Corporate Governance Committee has the responsibility of developing the Corporation's approach to governance issues, and administering the Board's relationship to management. This includes responsibility for: (i) assessing, at least annually, the effectiveness of the Board as a whole and the committees of the Board, (ii) reviewing annually the mandates of the Board and its committees and making recommendations for change, (iii) recommending procedures to permit the Board to function independently from management, (iv) reviewing and, if appropriate, approving requests from directors for the engagement of outside advisors, (v) preparing and maintaining corporate governance policies for the Corporation, and (vi) identifying prospective nominees for the Board and recommending them to the Board and establishing criteria for Board membership and retirement therefrom.

11. The Board should define limits to management's responsibilities by developing: (a) mandates for the Board and the Chief Executive Officer of the Corporation and (b) the corporate objectives for which the Chief Executive Officer is responsible.

    The Board is responsible for the overall stewardship of the Corporation and in furtherance thereof supervises the officers of the Corporation in their management of the business and affairs of the Corporation and manages the Corporation's strategic planning process. The Board has developed mandates and corporate objectives for which the Chief Executive Officer is responsible. The Board requires the Chief Executive Officer and other management of the Corporation to keep the Board informed in a timely and candid manner of the progress towards the achievement of the established goals and of any material deviation from such goals and from the Corporation's strategies and polices as approved by the Board.

12. Establish procedures to enable the Board to function independently of management.

    The ability of the Board to function independently of management is an objective fully endorsed by the Corporation and its management. For the purposes of carrying out the Corporation's business in Kazakhstan, however, it is considered that the Chief Executive Officer functions more efficiently if he also holds the office of Chairman of the Board of Directors.

13. Establish an audit committee with a specifically defined mandate and direct communication channels with internal and external auditors, with all members being outside directors. The audit committee's duties should include oversight responsibility for management reporting on internal control and should ensure that management has designed and implemented an effective system of internal control.

    The Board has an Audit Committee, all the members of which are outside directors. The roles and responsibilities of the Audit Committee include responsibility for reviewing and making recommendations to the Board on (i) financial statements and the related reports of management and external auditors, (ii) accounting and financial reporting procedures and methods, (iii) internal audit procedures and reports, and (iv) matters relating to external auditors, including the appointment and terms of engagement of external auditors and their reports relating to accounting, financial and internal audit matters. The Audit Committee has direct communication channels with the external auditors.

14. Implement a system to enable an individual director to engage outside advisors at the Corporation's expense. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the Board.

    The Corporation allows any member of the Board to engage an outside advisor at the expense of the Corporation in appropriate circumstances, subject to the approval of the Corporate Governance Committee.

Corporate Information

DIRECTORS

Bernard F. Isautier
President and Chief Executive Officer
Windsor, United Kingdom

Askar Alshinbaev (1) (3)
Managing Director
Kazkommertsbank
Almaty, Kazakhstan

James B.C. Doak (1) (2) (3)
President and Managing Director
Enterprise Fund
Toronto, Ontario

Hon. Robert P. Kaplan (1)
International Business Consultant
Toronto, Ontario

Louis W. MacEachern (2) (3)
Chairman
Servpro/Dalco Group
Calgary, Alberta

Nurzhan Subkhanberdin (2)
Chairman
Kazkommertsbank
Almaty, Kazakhstan

(1) Audit Committee Member
(2) Compensation Committee Member
(3) Corporate Governance Committee Member

OFFICERS

Bernard F. Isautier
President and Chief Executive Officer

Mike Azancot
Senior Vice President, Exploration and Development

Christian B. Cleret
Senior Vice President, Refining, Marketing and Trading

Keith G. Lough
Senior Vice President Finance and Chief Financial Officer

Anthony Peart
Vice President, General Counsel and Corporate Secretary

Ihor P. Wasylkiw
Vice President Investor Relations

SHARE TRANSFER AGENT

Montreal Trust Company of Canada
Calgary, Alberta
Toronto, Ontario

TRUSTEES

Montreal Trust Company of Canada
Calgary, Alberta - Canadian Note Issue

HSBC Bank USA
New York, New York - U.S. Note Issue

AUDITORS

Deloitte & Touche
Almaty, Kazakhstan

BANKERS

National Bank of Canada
Calgary, Alberta

Barclays Bank PLC
Nicosia, Cyprus

ABN Amro Bank Kazakhstan
Almaty, Kazakhstan

Kazkommertsbank
Almaty, Kazakhstan

LEGAL COUNSEL

Gowling Lafleur and Henderson LLP
Calgary, Alberta

Borden Ladner Gervais LLP
Toronto, Ontario

Paul, Weiss, Rifkind, Wharton & Garrison
New York, New York

AEQUITAS
Almaty, Kazakhstan

INDEPENDENT RESERVOIR CONSULTANTS

McDaniel & Associates Consultants Ltd.
Calgary, Alberta

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13 Kazybek Bi Street
Kyzylorda, Republic of Kazakhstan
467001
Tel: 7 (3242) 26-10-53
Fax: 7 (3242) 27-72-71

SHARE LISTINGS

The Toronto Stock Exchange
Trading Symbol - HHL.A
TSE 300 composite index

U.S. Nasdaq National Market
Trading Symbol - HHLF

Germany
Frankfurt
Trading Symbol - HHLa.F

Berlin
Trading Symbol - HHLa.BE

CONVERSION AND EQUIVALENCY TABLES

	Multiply by
Miles to Kilometres	0.621
Metric Tonnes to US barrels for 40° API crude	7.7463
Acres to Hectares	2.471
Feet to Metres	3.281

Cdn $1.4988 to the US $1.00 as at Dec. 31, 2000

Tenge 145.61 to the US $1.00 as at Dec. 31, 2000

1 square km = .386 square miles

1 square km = 247 acres

1 square mile = 640 acres

1 square mile = 259 hectares

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that involve risks and uncertainties. These statements relate to the company's future plans, objectives, expectations and intentions. These statements are identified by the use of words such as "may", "will", "expect", "anticipate", "intend", "plan", "estimate", "believe", "continue" or other similar expressions. These forward-looking statements reflect management's current expectations and assumptions as to future events that may not prove to be accurate. Actual results are subject to a number of risks and uncertainties and could differ materially from those discussed in these statements. You should refer to a discussion of factors that could contribute to these differences, which can be found in the company's July 4, 2000 prospectus for issuance of common shares, pages 79 to 92. In light of the many risks and uncertainties surrounding our business and operations, you should keep in mind that the forward-looking statements described in this document may not transpire. The company undertakes no obligation, and does not intend, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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